



VISIONS FOR DEVELOPMENT

NOVEMBER • 2025 • ISSUE 03

Bridging the Atlantic: The EU and LAC Aim for a Strategic Reset of Their Relations

**"Greater Cohesion,
More Shared Prosperity":**
Nadia Calviño, President
of the European
Investment Bank



DEVELOPMENT BANK
OF LATIN AMERICA
AND THE CARIBBEAN



**Latin
America and
the Caribbean**

Each path is
an opportunity

The Amazon COP30:
Its President, André
Corrêa do Lago,
on the Region's
Role at the Summit

After a creative process that began with 500 submissions, this image was selected as the
Regional Brand of Latin America and the Caribbean



Latin America and the Caribbean

Each path is
an opportunity

“This is not just a brand, it’s a declaration of identity.
Latin America and the Caribbean is not just a region;
it is the planet’s reservoir of sustainability and emotion.”

Gustavo Santos, Director of UN Tourism for the Americas, jury member

AN INITIATIVE OF CAF
– DEVELOPMENT
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AMERICA AND THE
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In Defense of Dialogue

EDITORIAL

Sergio Díaz-Granados

Executive President of CAF
–Development Bank of Latin
America and the Caribbean–



The debate over the usefulness of high-level summits is not new, but it has grown louder as these meetings become more frequent. In a world where globalization is a reality, countries look around and recognize that many issues must be addressed beyond the bilateral realm so that states can make commitments.

For many, the lingering image is government leaders gathered around a conference table or posing for the offi-

cial photo. Far less is known about the months of preparation behind each event and the work involved in finding common ground from individual positions.

Sometimes consensus is possible and leads to concrete decisions; other times, differences prove insurmountable and outcomes fall short of expectations. Throughout my career, I have witnessed both successes and failures born of irreconcilable stances.

Even so, in those difficult moments I have valued something inherent to our shared humanity: the ability to engage in dialogue and listen to other points of view. That exercise is always constructive and allows us to envision a better future, even amid today's challenges.

I offer this reflection in light of two milestones covered in this edition of Visions for Development: COP30 in Belém do Pará and the European Union–CELAC Summit in Santa Marta. Both come at a crucial time, just as the winds of unilateralism blow harder and geopolitical tensions abound.

On the first, the threat that climate change poses to hundreds of millions of people is clear. After the enthusiasm that followed the Paris Agreement, a mix of discouragement and rising concern has emerged, and not without reason. Even so, the boom in renewable energy is a reality that shines a hopeful light on the future.

On the second, there is a genuine promise that Europe and Lat-

in America can now draw much closer, despite the geographic distance between them. The ties between the Old and New Worlds are well known, but there is growing awareness that sharing principles and values is not enough; the time has come to seize favorable, objective conditions to achieve mutual benefit.

That aspiration includes mobilizing resources to close gaps, increase the exchange of goods and services, and promote sustainable development. One pillar of that strategy involves boosting investment flows through innovative mechanisms such as Global Gateway, which deserves a candid assessment so its potential translates into concrete, tangible progress.

At CAF we have proposed actions such as cumulating existing trade agreements, deploying innovative financial instruments for subnational governments, improving regulatory frameworks in areas like mining, advancing green data centers, opening up to new energy sources, and making the fight against climate change a driver of sustainable development. These ideas are simply a contribution to a conversation as full of challenges as of promise, one that will surely endure.

There will always be unresolved issues that can be addressed as communication flows. That is why summits are valid and relevant: because the first step toward agreement is to sit down and talk. ☘

IN BRIEF

News

DEEPENING OUR ENGAGEMENT WITH THE CARIBBEAN

After completing the process to attain shareholder-country status at CAF, Grenada became the sixth CARICOM nation to join the development bank, which, with 24 members, is now very close to becoming the institution with the broadest coverage in the region. As a Series C shareholder, Grenada will gain access to agile, flexible, and innovative financing tailored to its sustainable development priorities. In addition, Barbados will transition from Series C to CAF's Second Series A shareholder in the Caribbean. The bank will also open an office in Bridgetown to serve not only Barbados but also other Eastern Caribbean countries. Trinidad and Tobago was the first CARICOM member to achieve both milestones. → *Photo - ISTOCK*



Issuance in the Samurai market

After two years, CAF returned to the Samurai market to issue a ¥20.9 billion bond (approximately \$141.4 million). Nomura acted as sole bookrunner for the two-tranche deal: a 3.5-year tranche of ¥10.7 billion with a fixed 1.37%

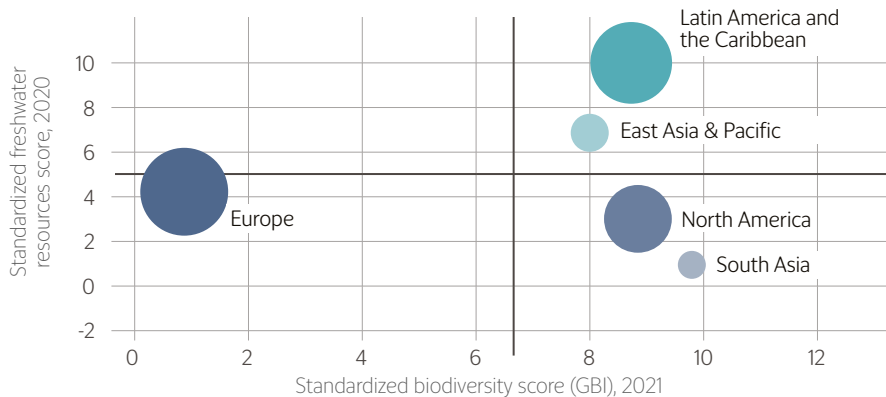
coupon, and a 5.5-year tranche of ¥10.2 billion with a floating coupon linked to TONA Shift Compound + 0.47%. With this transaction, CAF strengthened its strategy to diversify funding sources in key markets such as Asia.



Natural Capital: Major World Regions

Source: Prepared by the Centro de Pensamiento - Universidad EIA (2024). Based on data from Our World in Data.

Note: The bubble size represents the standardized score (1-10) for forest area covered in 2020.



This graphic shows Latin America and the Caribbean's competitive advantage in natural resources. The region holds 32% of the world's freshwater resources and more than 40% of global biodiversity. However, there are threats such as deforestation, soil degradation, and vulnerability to climate change. The chart appears in the regional report "Policies, Strategies, and Programs for Sustainable Productive Transformation in Latin America and the Caribbean," prepared by CAF and Universidad EIA (Colombia).

For Financial Inclusion

With the aim of promoting financial inclusion and accelerating the digitalization of thousands of mom-and-pop shops, CAF and the brewing companies Bavaria (Colombia), Cervecería Nacional (Ecuador), and Backus (Peru) announced an alliance whose first stage includes a comprehensive diagnostic to understand in depth these neighborhood businesses' characteristics, challenges, and opportunities in terms of financial capabilities, use of digital tools, and access to formal financial services. Based on the findings, tailored solutions will be designed to improve their incomes, increase productivity, and reduce structural socioeconomic gaps. This would include financial education, integration into the digital and financial economy, and coordination with public and private institutions and fintechs to facilitate credit, savings plans, investment, and retirement protection.



Sergio Rincón, President of Bavaria, and Sergio Díaz-Granados, Executive President of CAF, at the signing of the alliance to support neighborhood businesses.

→ Photo - CAF



José 'Pepe' Mujica, former President of Uruguay (deceased)

"I am from the South and I come from the South. I carry unequivocally the millions of poor compatriots in the cities, in the páramos, in the jungles, in the pampas, in the mine shafts of Latin America—our common homeland that is coming into being."

Quote engraved on a plaque recently unveiled at CAF's office in Uruguay.

\$419

MILLION

This is the amount of the currency conversion on a loan carried out by Costa Rica's Ministry of Finance in collaboration with CAF. It stands as the largest single conversion in CAF's history and "reaffirmed the bank's commitment to seeking innovative financial solutions that strengthen the fiscal sustainability of shareholder countries," said Gabriel Felpeto, CAF's Vice President of Finance.



COVER

Bridging the Atlantic

COVER

By Ricardo Ávila

Director of *Visions for Development*

@AgendaCAF



The European Union and Latin America and the Caribbean, regions bound by deep historical and cultural ties, are seeking a strategic reset of their relations to boost trade and investment and defend shared values. An analysis on the occasion of a historic gathering in Santa Marta.

That Europe and Latin America and the Caribbean have a bond that will never disappear is one of those indisputable truths. A quick return to what we learned in primary school suffices to conclude that the voyage begun by the three caravels commanded by Christopher Columbus would become one of the events that forever altered human history, transforming life and customs not only on both shores, but across the planet.

Despite the indelible imprint the Old Continent left on this side of the Atlantic, relations have never been easy. Conquest, Colony and wars of independence left wounds that took on a different shape at the dawn of the republican era, when domination turned commercial and financial.

The decline of empires, wars among the great powers, regional conflicts, the advent of the Industrial Revolution, boom-and-bust cycles in commodity prices, and migration have all marked, at different times, an understanding that has ebbed and flowed with the years. As happens on the dance floor, the partners in this pair have not always kept the same rhythm.

Only in relatively recent times did old misgivings begin to give way to a more constructive attitude. With the gradual return of democracy to the Americas in the 1980s, a more fluid dialogue began, grounded in shared values and leaving behind many of the resentments of the past.

Even so, from an economic standpoint, the largest share of Latin America's external relations throughout the 20th century belonged to the United States. Gradually, over the last three decades, China took its turn as the major buyer of primary goods and raw materials, from food to minerals.

Until not long ago, Europe's declining share in trade appeared inevitable. Beyond distance and competitiveness, the priorities in capitals on both sides did not seem to align.

However, a series of events ended up changing the equation. In Europe, Russia's invasion of Ukraine in



Image from the EU-CELAC summit in Brussels, Belgium, July 2023. Ilan Goldfajn, Luiz Inácio Lula da Silva, Ursula von der Leyen, Pedro Sánchez, and Sergio Díaz-Granados. → Photo - CAF



Following the signing of the agreement with Mercosur and its eventual ratification, the network of trade treaties between the two regions would cover the equivalent of 97% of Latin America's GDP.

February 2022 cast doubt on energy security and access to key inputs. Soon after, the re-election of Donald Trump, and his questioning of the alliance born in the Northern Hemisphere at the end of World War II, made it clear in Brussels and other capitals that a strategic rethink was necessary.

For their part, Latin American and Caribbean people welcomed the chance to expand markets and tap additional sources of financing to close gaps such as infrastructure. Although there was initially little apprehension about what might happen in the White House, there are now more questions about what could unfold in Washington.

These developments set the stage for the Santa Marta Summit between the European Union (EU) and the Community of Latin American and Caribbean States (CELAC).

On paper, 60 countries will have the chance to rewrite the script and usher in a much closer relationship that could yield quick results.

But that possibility calls for a candid assessment. As José Juan Ruiz, president of the Elcano Royal Institute, notes, “as in other areas, Euro–Latin American relations are framed by realities, interests, and daydreams.”

A Feasible Path

There is no doubt the opportunity exists. The nations that make up the EU and CELAC are home to 1.1 billion people and have a combined gross domestic product (GDP) equivalent to that of the United States.

As former Uruguayan minister Ernesto Talvi puts it, this is an economically complementary grouping: the region offers precisely what



the EU needs most, critical raw materials such as lithium and copper, and abundant renewable energy sources essential for the green and digital transitions. The EU, for its part, has the capital, technology, and know-how to promote the development of high value-added bi-regional production chains.

It is also important to recognize the steps already taken. Following the signing of the agreement with Mercosur and its eventual ratification, the network of trade treaties covers the equivalent of 97% of Latin America's GDP.

That does not mean there are no obstacles. A number of issues require harmonizing what has been

agreed in areas such as rules of origin. Hence the proposal for "flexible diagonal cumulation" has emerged as a pragmatic way to overcome this constraint.

Clearly, what until recently sounded like an interesting option now carries a sense of urgency. The turn taken by the United States, adopting unilateral trade sanctions that include restrictions and higher tariffs, makes it necessary to spread the risk of additional barriers.

While the impact on global growth appears manageable so far, according to International Monetary Fund forecasts, there are longer-term geostrategic considerations that are far from trivial. Stepping out of the comfort zone requires building bridges across continents, something that applies to Europeans as well as to Latin Americans and Caribbeans.

Even so, the challenges are numerous. The first is to begin recovering lost ground. During a discussion held in Madrid at the end of September, Lorena Ruano, a pro-

fessor at the Complutense University, showed how the weight of trade between the two regions has fallen sharply over recent decades, while China has gained enormous ground. "There is clear marginalization," said the Mexican-born academic.

To this we can add the fragmentation within each bloc, along with the presence of divergent individual interests. Reaching consensus at the highest level becomes difficult for governments that stake out opposing positions on different issues and approach them from distinct ideologies.

There are positives as well. Even if the flow of goods is relatively smaller, investment flows can be described as vigorous, with a stock close to €700 billion across multiple sectors ranging from extractives to services, including public utilities.

No less striking is that Latin American companies have brought significant capital to Europe, as is the case with firms based in Mexico. The presence of thousands of

Several Latin American and Caribbean countries hold minerals essential to European industry. ➔ Photo - iStock





One of the EU's challenges with LAC is to add more substance to the current relationship in new areas—technology among them. → Photo - IStock

companies of all sizes with offices on both sides of the Atlantic creates a dense footprint that makes it easier to build on those foundations.

People flows also play an important role. In tourism terms, there is a growing volume of visitors on both sides of the Atlantic. In turn, the numbers show that Latin American migrants are increasingly numerous in the Old Continent, something that influences more air connections and greater demand for products from both places.

Unlocking the additional potential that exists would benefit both parties. Ernesto Talvi estimates that “a fully integrated economic space could increase trade between the two regions by as much as 70% and intraregional trade by 40%.” He adds that “this would allow the European Union to reach a level of commercial relevance in the region that, Mexico aside, would be comparable to that of the United States and China.”

There would be another intangible gain: shoring up the rules-based

system derived from the General Agreement on Tariffs and Trade. At a time when what is written is increasingly ignored by those who signed the founding act of that multilateral framework, reaffirming that commitments are honored sends an important message on a planet that needs more certainty and fewer gray areas.

70%

**IS HOW MUCH TRADE
BETWEEN THE TWO REGIONS**

COULD GROW WITH A FULLY
INTEGRATED ECONOMIC
AREA, ACCORDING TO
FORMER URUGUAYAN
MINISTER ERNESTO TALVI,
SENIOR FELLOW AT THE
ELCANO ROYAL INSTITUTE.

WHAT IS GLOBAL GATEWAY?

It is a geopolitical initiative to strengthen alliances by channeling and multiplying the European Union’s public and private resources for development cooperation. Latin America and the Caribbean (LAC), given shared priorities such as democracy and environmental sustainability, is a top-tier region for a wide range of projects. Around two hundred have been launched since 2021.

The EU and its member states seek to cooperate and invest in other regions, especially in infrastructure, connectivity, the green transition, health, and education and research. This combines resources from the EU budget with additional public and private financing.

In June, Global Gateway provided the framework for a memorandum of understanding between the European Investment Bank, led by its president, Nadia Calviño and CAF -Development Bank of Latin America and the Caribbean-, represented by its president, Sergio Díaz-Granados, to enhance institutional collaboration and mobilize financing for high-impact projects in LAC, with a shared commitment to climate action and environmental sustainability at the core.

Family photo from the third European Union-CELAC Summit, held in Brussels (Belgium).

There, high-level officials from both sides of the Atlantic reiterated their commitment to defending shared values and expanding joint work in various areas. → Photo - CAF

Challenges in Focus

Achieving the goal is complex, but there is no doubt both sides have a clear, positive stance. A look at what has happened over the last two years, at the level of high-level summits as well as forums and meeting spaces, shows the will to push the strategic alliance between the European Union and Latin America and the Caribbean.

Much of the bet rests on Global Gateway, “an initiative that seeks to channel, multiply, and make visible the European Union’s public and private resources for development cooperation,” as a paper by the Elcano Royal Institute explains. Areas of interest include infrastructure, connectivity, the green transition, health, and education and research.

While it is a worldwide framework, one that differs markedly from other models such as China’s, Latin America and the Caribbean appears well positioned to make use of the instrument. With an initial budget allocation of €3.4 billion from the European Union, the proposal is to mobilize up to €45 billion with the participation of various multilateral entities, civil society, and the private sector.

How to turn the broad purpose into multiple on-the-ground investments is now the major challenge. In early October, a high-level meeting in Brussels took stock of what has been done and reaffirmed the objectives set in 2021 to exceed €400 billion mobilized worldwide by 2027.



Even so, questions remain about how the tool will operate. Beyond the complexity of structuring large-scale projects that may involve several nations, defining the role of each actor is difficult. Faced with the skepticism of some, the only option is to show results in order to create a virtuous circle of proposals that ultimately become reality.

On the other hand, loose ends remain on the trade front. Beyond the step taken with Mercosur in 2024, after 25 years of negotiation, which was important and signals a

commitment to Latin America as a whole, ratification of the agreement is still pending. Any significant obstacle could sap today’s enthusiasm and make dialogue less fluid.

Nor can we ignore calls to broaden the common agenda, both to add new links to the chain and to assume greater responsibilities. Carlos Malamud, a researcher at the Elcano Royal Institute, highlights issues such as the migration crisis and the challenge of organized crime. On the latter, he argues that “greater interstate and interregional coordi-

€700

BILLION IS THE EUROPEAN UNION’S INVESTMENT STOCK IN LATIN AMERICA ACROSS MULTIPLE SECTORS. THE EU IS ALSO THE REGION’S THIRD-LARGEST TRADING PARTNER.



nation would help dispel the notion that this is a fight confined within national borders.”

The expert also sums up a three-fold challenge: “to deepen and add more substance to the foundations of the current relationship; to broaden the base of the alliance by including and prioritizing new areas of shared interest that affect the governance and stability of countries on both sides of the Atlantic; and, finally, to overcome the obstacles that prevent the alliance from moving forward.”

Assuming that these pending issues can be solved quickly would be overly optimistic. Without denying that the tailwinds driving closer ties between the European Union and Latin America and the Caribbean are much stronger now, a dose of realism is always welcome, especially when expectations are inflated.

José Juan Ruiz, of the Elcano Royal Institute, recalls that in the complex negotiations between the two regions, “cultural, economic, and

political differences, as well as the weight of history, provide fertile ground for mirages and misunderstandings that, at the limit, can lead to failure.” Hence it may be wiser to proceed step by step rather than to assume that what’s needed is a succession of great leaps.

None of this ignores the important milestones that show the will to build more bridges is there. That intent responds not only to shared roots, alignment of principles, a democratic spirit, or mutual attraction.

Reason also weighs in: in today’s world, Europeans and Latin Americans and Caribbeans should draw closer, among other things, to uphold fundamental values that others have called into question. Those values are rooted in dialogue, cooperation, respect for differences, and shared benefits, with the aim of closing gaps and enabling the sustainable progress of their peoples. The journey is just beginning, but the reward justifies the effort to complete the crossing that lies ahead. 🌐



Under the Global Gateway initiative, LAC has an initial allocation of €3.4 billion from the EU, with the aim of mobilizing up to €45 billion with support from multilateral institutions, civil society, and the private sector.

COVER

By VD Editorial Team

@AgendaCAF



‘If We Achieve Greater Cohesion, There Will Be More Shared Prosperity’



Nadia Calviño is the first woman to lead the European Investment Bank, a key EU institution.

→ Photo - www.eib.org

The president of the European Investment Bank, Nadia Calviño, underscores the importance of building a strategic alliance between Latin America and the Caribbean and Europe, and the role her institution can play in it.

The president of the European Investment Bank, Nadia Calviño, underscores the importance of building a strategic alliance between Latin America and the Caribbean and Europe, and the role her institution can play in it.

After 12 years in senior roles at the European Commission, Spanish economist Nadia Calviño was appointed in 2018 as Spain's Minister of Economy and Enterprise in the government of President Pedro Sánchez, where she also served as vice president. In 2024 she left that post to return to the European Union (EU) stage as the first woman to lead the European Investment Bank (EIB), the 67-year-old multilateral institution she describes as "the EU's investment arm and the world's largest multilateral bank."

The EIB works not only to boost growth and jobs in Europe, but also to advance EU policies beyond its borders and support measures to mitigate climate change. This mission, enshrined in its statutes, makes it a front-line actor in tightening ties between the EU and Latin America and the Caribbean (LAC).

Here, Ms. Calviño shares her views on the 4th EU–CELAC Summit in Santa Marta, Colombia, and beyond

that, the importance of the strategic alliance they aim to consolidate.

You have been a strong advocate of the EU–LAC relationship. Why is this strategic alliance so important in today's global context? What are your expectations for the 4th EU–CELAC Summit in Colombia?

This summit we're holding in Santa Marta, Colombia, the fourth to bring together heads of state and government from both sides of the Atlantic, shows the importance of the strategic alliance between Europe and Latin America. In the current international context, it is more important than ever to strengthen our cooperation with partners who share such essential values as peace, security, human rights, and democracy. The summit agenda covers key issues such as trade and investment, the green and digital transitions, and the fight against organized crime, corruption, drug trafficking, and human trafficking. I also want to highlight the intense work driven by Spain during its 2023 presidency of the EU Council to translate this strategic part-

nership into investments and projects. This effort to bring both shores closer and better, is bearing fruit.

The signing of the EU–Mercosur agreement is a huge step toward consolidating this partnership. What remains to be done?

The agreement with Mercosur shows the EU's commitment to deals where all sides win. This is also the framework in which the EIB, the EU's investment arm, operates. International partnerships are a priority for the EIB. We have been present in the Caribbean since 1978 and in Latin America since 1993. Over this time we have invested €17 billion in 350 projects, and our offices in Colombia, Brazil, the Dominican Republic, and Barbados are up and running at full capacity. Our investments, in climate adaptation, women's entrepreneurship, energy and telecom networks, and support for SMEs and microenterprises, illustrate this priority well. Whether through microloans for women in Brazil, the green hydrogen platform in Chile, or Quito's first metro line (a project in which CAF is also involved), we are committed to LAC's progress. And without a doubt, gatherings like this one in Santa Marta will help move us further along.

The EIB is known as the "Climate Bank." The European Union is currently simplifying its rules. Is that compatible with the fight against climate change?

More than 50% of the EIB's annual investment goes to green finance, strengthening Europe's competitiveness with lower energy prices, contributing to security and strategic autonomy by reducing dependence on fossil fuels, and consolidating Europe's technological leadership in this field. The goal is clear. We have made great strides in recent years, and our 2030 roadmap has three clear priorities: focus investment on projects that most contribute to competitiveness and

1
BILLION PEOPLE IS THE COMBINED POPULATION OF LAC AND THE EU, 14% OF THE GLOBAL TOTAL. TOGETHER THEY ACCOUNT FOR 21% OF THE WORLD'S GDP. THEIR COUNTRIES MAKE UP ONE-THIRD OF UN MEMBER STATES.



Within the framework of a meeting of the EU's Economic and Financial Affairs Council (Ecofin) and a CAF Board of Directors meeting, European and LAC economy and finance ministers held a historic gathering in Santiago de Compostela (Spain) in September 2023. → Photo - CAF

security; ramp up investment in adaptation and prevention, our ambition is to double financing in this area in 2026–2030 to €30 billion; and radically simplify procedures to reduce the administrative burden on businesses.

In this regard, the EIB can play an important role in LAC. Last year, 70% of our investment in the region went to climate action. We're talking about projects in Brazil, Colombia, Chile, and the Caribbean islands to promote sustainable transport, renewable energy, water management, disaster prevention, and food security. And at the Santa Marta summit we also expect to reach important agreements in this direction, in such critical areas as

water and sanitation and energy interconnections.

In light of the restrictions imposed by the United States, how can regions that believe in open regionalism strengthen their ties?

The world is changing fast and, while some build walls, the European Union wants to keep building bridges. This very complex context is also full of opportunities for those of us, like the EIB, who aspire to defend shared prosperity, partnerships, and peace. So it makes perfect sense to keep working to improve relations between LAC and the EU. Together we represent more than one billion people, 14% of the world's population and 21% of global gross domestic product (GDP). We account for a third of UN member states. And we have one of the densest trade networks in the world. If we can deepen our friendship, rooted in important shared values, we can achieve even more. And the EIB will play a fundamental part in making

that happen. We are the EU's investment arm, the world's largest multi-lateral bank, and we have a unique financial position.

We have gone through several years in which the international financial architecture has been under review. The 4th International Conference on Financing for Development in Seville this year, the 2023 EU–CELAC Finance Ministers' Meeting in Santiago de Compostela, COP30, just to name a few forums, seek to put on the table commitments and new financial instruments so countries can tackle sustainable development challenges. Are you optimistic about achieving a global financial safety net in a context where developing countries' fiscal space is increasingly tight?

The financing-for-development framework is one of the major issues we address at every international meeting. At the UN summit



Calviño highlighted that the EIB has invested close to €17 billion in LAC.

→ Photo - CAF

held in Spain there were very important contributions, such as the Seville Commitment. It is an ambitious plan to boost investment momentum to close the financing gap, explore measures to address unsustainable debt burdens, and work toward greater representation of developing countries in global financial decision-making. To achieve this, concerted action by multilateral banks is essential, and at the EIB we are convinced this is the way forward.

The EIB and multilateral development banks play a crucial role in this landscape, taking on a prominence equal to, or greater than, when the Bretton Woods institutions were created, now with new regional actors, especially in Asia. How can forces be joined to increase impact and allow countries to access better financing terms?

We, and other multilateral banks, sit at the heart of safeguarding global financial stability and supporting progress in middle-income and more vulnerable countries through cheaper, long-term finance and effective responses to emergencies and shocks, as happened during

the pandemic. The EIB is tightening ties with MDBs in LAC, Africa, and Asia. In Seville, during the UN conference on financing for development, we signed a memorandum of understanding with CAF to enhance our collaboration and mobilize financing for high-impact projects in the region. The relationship between our two institutions has moved from occasional to stable and above all, strategic.

Where would you like the relationship between the two regions to be by the end of this decade?

I would like us, in a decade's time, to aim for the best possible rela-



“The relationship between the EIB and CAF has evolved from occasional to stable and above all, strategic.”

tionship, to keep walking together so we can go further. As of now, the EU is the leading investor in the region and the main contributor to development cooperation worldwide. We start from a solid base, but we must be ambitious and continue strengthening our economic, trade, political, and cultural ties. The agenda of this summit also points the way to tackle current challenges together, which are also an opportunity to deepen our bonds. The EIB can, without doubt, play a very important role on this path, building on our system of alliances based on mutual respect and designed so that everyone wins.

Could areas such as social development, the energy transition, and new technologies serve as a basis for tightening this relationship? What other key issues are being considered?

I believe these topics, and those we mentioned earlier, make up an ambitious agenda for the coming years. Let me add one more element: we must work to reduce inequality in our societies. We see that talent is evenly distributed, but opportunities are not. If we achieve greater cohesion, there will be more shared prosperity, and institutions will also be stronger. Working with the aim of improving our societies, developing high-social-impact projects, as the EIB does and embedding this in our shared strategic agenda, is essential to raise citizens' quality of life and reap the benefits of this strategic alliance between LAC and the EU. 🌐

COVER

By VD Editorial Team

@AgendaCAF



“Europe has Realized It Needs to Engage with Other Regions, and to Do So Differently”

Érika Rodríguez, Director of the Carolina Foundation, says a shared vision of democracy and sustainable development can help guide the “special relationship” the European Union is building with Latin America and the Caribbean.

Érika Rodríguez is not only the Director of Carolina Foundation, one of the four external cooperation entities attached to the Spanish state, but also the highest-ranking Latin American in Spain’s government. Holding a PhD from the Autonomous University of Madrid, this Bogotá-born academic has built a long career on both sides of the Atlantic. The institution she leads plays a key role in areas such as training young professionals, building public officials’ capacity on democratic values, debating public policy, and pro-



Érika Rodríguez says deepening ties between the two regions cannot be reduced to asking what Europe can give. → Photo - Milton Díaz / CEET

moting dialogue around joint efforts, including those between the European Union (EU) and Latin America and the Caribbean (LAC). *Visions for Development* interviewed her on this topic.

How do you view the relationship between these two regions that are at once close and distant?

The EU–LAC relationship is shaped by the international context. For much of the past decades it had a certain stability around summits of heads of state, cooperation programs, and multi-party agreements, but that dynamic was disrupted by several realities. On one hand, there was a degree of European disinterest because its priorities lay elsewhere, something influenced by the fact that Latin America is a zone of peace. On the other, most LAC nations moved into the middle-income group, which made them ineligible for aid programs aimed at places with greater needs. This does not mean the topic wasn't a priority for Spain, given our historical, economic, and cultural ties, starting with the language.

What has changed recently?

The world. It's very different even from two years ago, when we had the previous summit. Europe has seen a deep structural shift in its economy, security, and several paradigms. One important fact is that Spain now plays a much more prominent role within the European Union, something visible across the European Commission and its institutions. At the same time, Europe has realized it needs to engage with other regions, and to do so differently. Thus, LAC is once again at the forefront of European interest due to a reconfiguration of power, which leads

the EU to seek a truly special relationship with other parts of the world. We've always talked about a "special relationship" with LAC, but no one knew exactly what that meant.

And now they do?

I believe so. There are two shared elements that are key and should lead this relationship. The first is democracy, because we share a vision of it, and that's foundational. Beyond individual cases, in the Americas and Europe democracy is the predominant system of government, with all its flaws. The second point is a reconfiguration of Atlantic relations that isn't only about the shift in the United States, but about a common vision of development. To give one example: climate change, the need for the energy transition, and a call to joint action to confront the challenges this brings. No less important is the move toward open regionalism, which means not adopting trade barriers unilaterally. There is also an awareness of China's presence and new balances of power. All this requires putting multilateralism back on the table, strengthening global institutions, and focusing on equality and distribution, among other issues.

What should be done?

The European Union needs to be more proactive. An important attempt came with Global Gateway, an initiative that makes sense to regain lost ground and do more on issues like infrastructure development in Latin America.

But the results have not met the expectations...

Because beyond being a work in progress, it's a resource-leveraging system, that requires countries to be very proactive, for there to be projects, and for more actors to get in the game. There are institutions like CAF that are fully committed to making this work, but the same isn't true of companies or civil society. The challenge is to build a scheme that works and has

its own characteristics, without mimicking other options. If the goal is to compete with China, that's impossible, among other reasons because we don't have the lending capacity or the same ability to absorb risk.

What's the alternative?

Attract investment and get many players onto the Latin American field. But that investment must be high-quality, grounded in principles, and future-oriented toward building capabilities and competencies, both in the economy and in human development. Training is urgent so we have prepared young people engaged in innovation projects, the digital transition, and the energy transition. That's where we can ensure a different trajectory. And that's where the EU and LAC have a lot to discuss. It's not about sitting down as regions to see only what Europe provides, but about defining the challenges we share, because there are areas where we are on equal footing, as with artificial intelligence.

Latin America is also different...

Without a doubt. There are authoritarian tendencies, more acute democratic challenges, and greater regional division. That makes the search for consensus and common agendas much harder. Even so, there are strong ties we should leverage and programs that work very well at both the technical and subnational levels.

What new issues are on the radar?

Threats to territorial sovereignty have grown, and what happened in Ukraine is a clear example. The global geopolitical situation has clearly become more complicated. That's why it's essential to strengthen multilateralism and the use of dialogue as a mechanism to resolve differences. What stands out about this summit is the willingness to talk and identify common ground, something that speaks directly to the Carolina Foundation. At the end of the day, what we do is build bridges. 🌉



The First Amazonian COP:

TIME TO TALK ABOUT A JUST TRANSITION?

In Belém, a Brazilian city in the planet's great lung, the Global South will make its voice heard at a summit that will debate new commitments to mitigate climate change, as well as financing for adaptation and the shift to cleaner energy.



There are only five years left until 2030, a year that will not pass without first calling the 194 signatories of the Paris Agreement (2016) to account to verify whether they have met their commitments to reduce greenhouse gases (GHG) and decarbonize their economies, so that the rise in the planet's temperature is ideally limited to 1.5 °C relative to

pre-industrial levels. All this is to counteract the catastrophic natural phenomena resulting from global warming that have already occurred and those yet to come.

To date, that climate-change mitigation goal is far from being met. According to records from global bodies that monitor and track planetary warming, such as Climate Action, the United Nations Framework Convention on Climate Change (UNFCCC), and the Aquae Foundation, the trend in global temperature is not downward but upward, with increases already exceeding 1.2 °C being recorded.

If this trend continues, experts say the increase could reach 2.7 °C or perhaps 3.0 °C by the end of the 21st century, which would mean more natural disasters and the transformation of many forms of life. The development of cities and population centers capable of withstand-

ing extremely high climate conditions could become normal.

With that undesirable scenario in mind, most representatives of the countries committed to the UNFCCC, born of the 1992 Rio de Janeiro "Earth Summit", and to the Paris Agreement, which marks a decade since its approval, will gather to engage at the 30th Conference of the Parties (COP30) on climate change, to be held November 10–21, for the first time in an Amazonian city: Belém, in the Brazilian state of Pará.

Part of the agenda will be devoted to assessing the initiatives that the various participating countries and the European Union as a whole have implemented to make their contribution effective in changing the planet's climate trajectory, and to debating the new NDCs (nationally determined contributions) of each member for the next five



years, which —supposedly— must be more ambitious.

All were supposed to have defined those contributions by last January, but until a few weeks ago fewer than 20% of the countries involved had announced their new commitments, and others, like the European Union, had not reached internal consensus on the matter.

The spotlight, of course, will fall mainly on the commitments of countries that are the largest emitters of GHGs, according to different rankings: China, Russia, the United States, India, Indonesia, the European Union, Japan, Iran, Pakistan, and, in the case of Latin America and the Caribbean, Brazil.

The Host's Role

With an eye on 2035, the South American giant has already committed to reduce GHG emissions in its territory, which contains most of the Amazon, considered the planet's great lung and a temple of global biodiversity, by between 59% and 67%. Its degradation, of course, concerns everyone. Deforestation, driven by activities such as illegal mining, logging (often illegal as well), and the rampant expansion of cattle ranching and agriculture, is severely damaging the most extensive and exuberant rainforest on Earth.

The fact that COP30 will take place in the Amazon will turn the

} The Amazon is a biodiversity treasure. It holds at least 10% of all the planet's species.

→ Photo - Sebastien Goldberg / Unsplash.

event into a platform in defense of that planetary reserve, and Brazil is expected, with the prerogatives of the host, to lead the call by megadiverse countries, and the Global South in general, for a greater flow of resources from the North to conserve this natural treasure and others at risk.

Additionally, Brazil will push for discussion of a coordinated international carbon pricing strategy, in response to the European Union’s imminent Carbon Border Adjustment Mechanism (CBAM). The proposal seeks cooperation that avoids punitive effects on developing countries, which would allow a more flexible assessment of proposals and allocate a higher percentage of resources to climate mitigation. Another objective of the host, backed by several countries, will be to promote the channeling of funds to finance conservation.

As another central aspect of its strategy for the summit, Brazil has been promoting the Mutirão Global platform (in Spanish, “global collective effort”) to convene the transnational mobilization of all possible actors to co-create and implement plans and actions under the label of “immediate implementation and results.”

The Mutirão Global is a call to action “not just to talk about change, but to be the change,” said COP President André Corrêa do Lago at the launch of the platform. “We know that millions of people around the world are already

acting to protect their communities, their ecosystems, and their future. The Mutirão Global offers a space of convergence so that these efforts become visible, receive support, and scale up,” he explained.

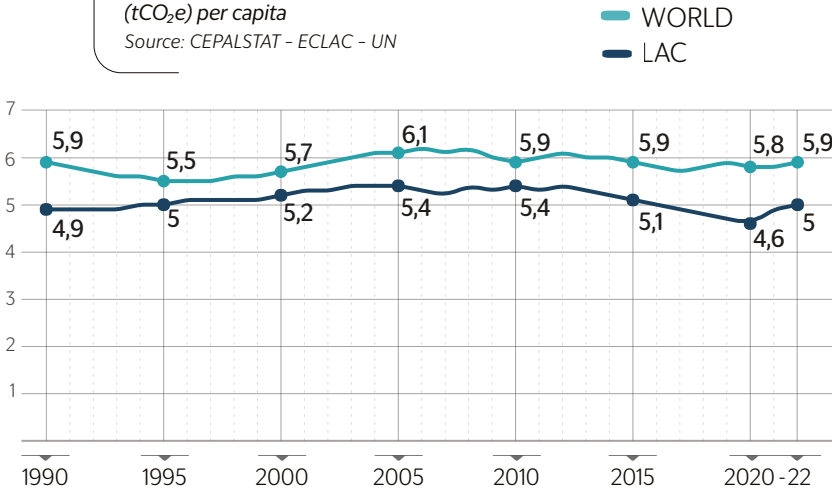
The launch of the platform comes at a crucial moment. The first Global Stocktake (GST) of the results of the Paris Agreement (2023) revealed that actions must be significantly expanded to align with the targets set. In this context, the Mutirão Global emerges as a citizen-driven mechanism to accelerate action against climate change.

The initiative is based on the six pillars of the COP30 Action Agenda (see graphic), which include clean energy, the blue economy, and resilient cities, among others, and offers an accessible way for citizens and organizations to align their actions with the UN climate process.

“Adaptation begins in communities, with people who are already suffering the impacts of climate change,” emphasized Ana Toni, executive director of COP30. The Mutirão Global is essential, she says, because it recognizes that when local actions receive support,

Greenhouse gas (GHG) emissions per capita

Tons of carbon dioxide equivalent (tCO₂e) per capita
Source: CEPALSTAT - ECLAC - UN



The 30 key objectives of COP30

1 Transition in the energy, industry, and transport sectors

1. Triple renewables and double energy efficiency.
2. Accelerate zero- and low-emission technologies in hard-to-abate sectors.
3. Ensure universal access to energy.
4. Transition away from fossil fuels in a just, orderly, and equitable manner.

Note: These objectives were defined by countries, companies, subnational governments, and civil society, including ethnic, diverse, rural, women’s, children and youth, and migrant groups, among others.

2 Sustainable management of forests, oceans, and biodiversity

5. Invest to halt and reverse deforestation and forest degradation.
6. Conserve, protect, and restore nature and ecosystems with solutions for climate, biodiversity, and desertification.
7. Preserve and restore oceans and coastal ecosystems.

3 Transformation of agriculture and food systems

8. Restore degraded lands and advance sustainable agriculture.
9. Build more resilient, adapted, and sustainable food systems.
10. Ensure equitable access to adequate food and nutrition for all.



visibility, and connection, they generate a ripple effect that influences systems, policies, and outcomes. “COP30 is an opportunity to catalyze a new era of climate action, inclusive, practical, and rooted in real life,” the official added.

CAF is working to build a regional green network to protect 14 ecosystems. Image of the Amazon in Rondonia, Brazil.
→ Photo - Higor Pretes / Unsplash.

In addition to the Mutirão Global, Brazil, in partnership with the UN, has been promoting the Global Ethical Stocktake (GES), an initiative to integrate ethics into climate change discussions. The summit’s presidency considers it one of its pillars and has stressed that ethical governance is crucial to the conference’s success on issues such as climate finance, a just energy transition, and the inclusion of Indigenous voices in the debate.

These initiatives underscore the weight that developing countries will carry at COP30. “The fact that the summit will be held in a country like Brazil, in the Global South, and that it is in some way a continuation of the Cali summit, even if that one focused on biodiversity, sets an important tone, especially at a moment when climate change is under scrutiny and, in some cases, even denial,” noted Alicia Montalvo, Head of the Climate Action and Positive Biodiversity Department at CAF – Development Bank of Latin America and the Caribbean.

From the LAC bloc, there will be a push for a strong commitment to both multilateralism and the Paris regime as the only legitimate and effective way to address the global challenges of climate change. The moment likely to set that tone will be the heads-of-state meeting, which this time will not be held

④ Building resilience in cities, infrastructure, and water

- 11. Multilevel governance.
- 12. Sustainable, resilient buildings and construction.
- 13. Resilient urban development, mobility, and infrastructure.
- 14. Water management.
- 15. Solid waste management.

⑤ Advancing human and social development

- 16. Promote climate-resilient health services.
- 17. Reduce climate impacts on the eradication of hunger and poverty.
- 18. Education, training, and job creation to address climate change.
- 19. Culture, cultural heritage, and climate action.

CROSS-CUTTING: Catalysts and accelerators, including finance, technology, and capacity building

- 20. Climate and sustainable finance, with systematic climate integration in investment and insurance.
- 21. Finance for adaptation.
- 22. Climate-integrated public procurement.
- 23. Harmonization of carbon markets and carbon accounting standards.
- 24. Climate and trade
- 25. Reduction of non-CO₂ gases.
- 26. Governance, state capacity, and institutional strengthening for climate action, planning, and preparedness.
- 27. Artificial intelligence, digital public infrastructure, and digital technologies.
- 28. Innovation, climate entrepreneurship, and micro and small enterprises.
- 29. Bioeconomy and biotechnology.
- 30. Integrity of climate-related information.

during the formal negotiation period but beforehand, on November 6 and 7, dates that will likely draw the greatest media attention.

However, what happens next, when the negotiators take over, will be no less important. Experts expect meaningful progress not so much on mitigation, which usually dominates, but on adaptation, which has not carried the same weight in these gatherings over the past 30 years. Adaptation refers to the adjustments in ecological, social, and economic systems needed to respond to the impacts of climate change.

On this front, Latin American and Caribbean countries, as well as many in Africa and Asia, will make their voices heard to push for the establishment of adaptation indicators, which would be a major achievement. One key point of divergence will be whether those indicators should also include a metric tied to financing or the lack thereof, an issue that is always on the agenda.

Another central topic for many countries in the Global South is the quest for a just energy transition, not only setting commitments to reduce fossil-fuel emissions, multiply renewable capacity, secure access to technology, and move decisively on energy efficiency by 2030, but also putting in place financing mechanisms for the countries that need them to make the shift real and manage its economic and social impacts.

How many of these issues will see concrete steps forward in Belém? It's hard to say. The current geopolitical moment may lead many countries to avoid ambitious commitments across several areas, which could limit the scope of the agreements. Even so, progress is expected.

Indigenous peoples, especially from the Amazon, are expected to play a prominent role at the summit as guardians of the planet.

→ Photo - Rafa Neddermeyer / COP30



SOLUTIONS FOR CLIMATE CHANGE –AND FOR PEOPLE

In line with its commitment to be the green bank that supports the region's sustainable development and biodiversity protection, CAF – Development Bank of Latin America and the Caribbean– will play a very active role at the Amazon COP30 on climate change.

There, the institution will present the actions it has carried out in this field, central to its policies and their results. A major milestone is that it has already surpassed its 2026 targets as the green bank for LAC. “Currently, more than 40% of

our approvals are allocated to this type of project, a considerable increase from the 24% recorded in 2020. This progress is part of the institutional goal to mobilize \$25 billion in green financing by 2026,” explained Alicia Montalvo, Head of CAF’s Climate Action and Positive Biodiversity Department.

Another core biodiversity initiative is the creation of a regional green network to protect and restore 14 strategic ecosystems across LAC. “This network seeks to drive sustainable and inclusive development, prioritizing conservation projects and the fight against climate change,” the CAF executive said.





The city of Belém is surrounded by rivers. It has 1.3 million inhabitants and a colonial history tied to the rubber boom.
→ Photo - COP30

In Belém, the bank will have a pavilion to present LAC as a region of solutions and to facilitate both country-led events and debates that rigid negotiation formats often do not allow. This will enable cross-cutting issues, such as energy, mobility, and agriculture, to be addressed.

The pavilion will be tied to the Amazon theme, which directly involves several of the bank's member countries and is of interest to all given their commitment to protect biodiversity. However, Montalvo noted that at this COP, CAF also wants to spotlight "the need to link climate-change solutions more closely with solutions to people's problems." In practice, that means cleaner, more accessible energy; less-polluting transport; regenerative agriculture; and resilient infrastructure.

CAF has also engaged in Belém through its decisive support for planning and delivering the Museum of the Amazons, a 3,000 m² complex created as a space where the Amazon will reaffirm its role as a protagonist of the global future. It will be a lasting conduit for information and knowledge-sharing between Brazil and other Amazonian countries. A posthumous exhibition by renowned photographer Sebastião Salgado, also supported by CAF, was installed there for the opening.

EXPERIENCING AMAZONIA FIRSTHAND

Brazil has a notable record of leadership on environmental issues. The Earth Summit hosted by Rio de Janeiro in 1992 gave birth to the UN Framework Convention on Climate Change and reframed the global debate on the topic.

Out of that convention came the COPs. Their 30th climate edition will now be held not, as in 1992, in Rio de Janeiro, a megacity accustomed to hosting millions of visitors each year, but in the heart of the Amazon: Belém, capital of the state of Pará, home to 1.3 million people.

President Luiz Inácio Lula da Silva's administration chose this city as the venue because it is "the gateway to the Amazon." The president has said he wants participants to truly see what the region is. His government aims to underscore the importance of this ecosystem, vital to the world, and to connect global commitments with local realities.

Belém is encircled by rivers and has 42 river islands. Its climate is tropical rainforest, with temperatures ranging from 24 to 32 degrees Celsius. It boasts exuberant biodiversity, a rich cul-

ture, and significant historical traces of Portuguese colonization, especially linked to the rubber trade.

Belém's economy is very active as a key logistics hub, but it is not a city with extensive tourism infrastructure. Hotel capacity is limited and, with difficulty, will house the 50,000 visitors expected. Several countries protested room prices. However, event organizers and the host government took steps to avoid any impact on the summit and to support delegations from lower-income countries in particular. Emergency logistics include using cruise ships as lodging.

The Brazilian government has invested more than \$250 million in various works, not only to prepare Belém for the occasion but also to improve residents' quality of life.

As a result of the logistical debate, the COP30 heads-of-state summit, which will set the tone for the conference, was brought forward to November 6–7. The goal is to make it easier for the city to host the negotiations from the 10th to the 21st, as originally scheduled. 🌿

GREEN ECONOMY

By VD Editorial Team

@AgendaCAF



Latin America and the Caribbean is Redefining its Agricultural Model



CAF aims to establish itself by 2035 as the leading regional financial engine for agricultural prosperity in LAC.

→ Photo- Mauricio Moreno / CEET

The region, a global breadbasket that feeds 1.3 billion people, faces the challenge of replacing extensive agriculture with an ecosystem-based model that combines high productivity with the regeneration of its natural capital and the prosperity of 150 million people in rural areas.

CAF is promoting
programmatic credit lines
for the agricultural sector.

→ Photo - Jaiver Nieto /CEET.

The agriculture, livestock, and fisheries sector has historically been one of the pillars of Latin America and the Caribbean's (LAC) economy. The region is a leading food exporter thanks to its diverse natural endowments. About 15% of the food consumed worldwide comes from LAC. What is produced by some 150 million rural inhabitants already reaches more than 1.3 billion people around the globe. Its contribution to global food security is key.

Roughly 7% of LAC's Gross Domestic Product (GDP) comes from the sector. For several countries it accounts for as much as 20% of their GDP each year. In some segments, the region has become a global powerhouse, producing over vast areas with high technology, but this coexists with small producers well organized in associations, and with individuals, families, and ethnic communities who are often vulnerable and lack social benefits, even basic ones.

According to CAF –Development Bank of Latin America and the Caribbean– these producers have made progress and can advance further thanks to the region's strategic ecosystems, with which a new agriculture, livestock, fisheries, and forestry model can be developed that respects and protects them. An ecosystem-based approach, it says, "will enable growth in agricultural productivity while strengthening the ecological functionality of regional ecosystems, re-

versing biodiversity loss and caring for the region's exceptional natural capital, including its soils and water."

CAF believes the countryside in the region needs a new push, building a shared vision grounded in the concept of prosperity for the entire value chain, from producer to consumer. "Prosperity is the capacity to act systematically to achieve well-being on the basis of sustainable livelihoods, ensuring social equity and personal and community emotional health. It implies sustainable economic growth, but also the creation of equitable opportunities and the promotion of an

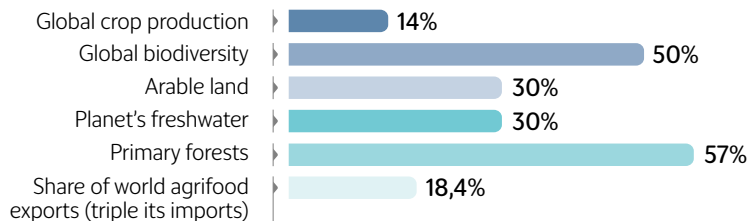


"At the stage of global environmental degradation we are in, it is no longer enough to look after what is in good condition; we must restore and regenerate what has been degraded."

Leading Net Food-Exporting Region

Source: CAF

1.3 billion people consume food produced in LAC, which has:



\$238
billion positive agrifood trade balance.



EIGHT CHALLENGES FOR THE SECTOR

- **The need for policies** that comprehensively address structural inequality and the vulnerability of territories and communities.
- **Insufficient levels** of public and private investment in infrastructure, technological innovation, and other enabling public goods.
- **Growing demand for food** in a context of rapid urbanization and new, healthier consumption patterns.
- **Lack of access** to markets and integration into value chains.
- **The urgent need to transition** toward low-emission, climate-resilient production processes.
- **The need to strengthen** capacities in sectoral institutions. Shortcomings in ecosystem and biodiversity management that limit their ability to provide provisioning and supply services.
- **The opportunity to boost** nature- and knowledge-based productive development.
- **Significant losses** and waste in food production and distribution.

environment in which all people can develop fully and contribute to collective well-being.”

This definition by the UN and other entities is set out in the document that presents the “Agricultural Prosperity” strategy, unveiled last March by CAF, in which it announced that it will increase and deepen investment along the entire value chain to reach \$8.5 billion by 2030, twice CAF’s cumulative investment in the sector over the previous decade. The development of this strategy should lead to “improved incomes, reduced poverty and inequality, greater regional and territorial integration, productive development based on natural capital, more knowledge and innovation, and support from greater investment and financing in physical and digital infrastructure and market access.”

Three Key Words

These objectives are underpinned by three fundamental terms. “We understand that the path forward must be grounded precisely in sustainability, resilience, and regeneration,” says Ignacio Lorenzo, Director of Technical Advisory on Biodiversity and Climate at CAF.

Sustainability in relation to the sector’s production and growth, but also the social dimension, both on the producer side, where there are farming families, ethnic communities, women, and young people expecting benefits, and on the consumer side, which requires food security. A third dimension is environmental, since agricultural production is as-

sociated with the use of biodiversity, deforestation, and the generation of greenhouse gases. “We have a responsibility to ensure that this production is also environmentally sustainable,” Lorenzo says.

Resilience, which speaks to the capacity to recover after a crisis, applies from an environmental standpoint because agriculture, carried out in the open, is exposed to climate extremes and disasters. However, there is also a need for countries to have tools to address the financial, economic, and social vulnerability created by fluctuations in international commodity prices.

Regeneration is related to another ecological layer. “At the current stage of global environmental degradation, it is no longer enough to care for what is in good condition; we must restore and regenerate what has been degraded,” says Lorenzo.

Decade after decade, different human activities have pushed back the frontiers of natural ecosystems and, in some cases, generated unsustainable substitution. In LAC, “there is enormous scope to restore ecosystem functionality in many areas, including under production conditions,” the CAF executive says.

The strategic focus can be summed up as follows: the region still has critically important natural capital, and the idea is that, through this strategy, production will increase while, at the same time, environmental stewardship and ecosystem functionality are enhanced to sustain that production.

Selected 2030 Strategic Targets

\$8.5 billion
in agrifood
investment.



100% of CAF-financed
projects with sustainable,
regenerative, and
resilient practices.



10 million people
benefiting from food
and nutrition security.



50% of projects with
enabling infrastructure
roadmaps (roads/logistics,
digital, and energy).



An Integrated, Collaborative Model

CAF's plan starts by recognizing the heterogeneity that characterizes agricultural production systems. "We must live with that reality and, through changes in practices, achieve a more integrated model that addresses economic, environmental, and social challenges in order to bring about a transformation that is more profitable and sustainable in every respect," says Lorenzo.

Latin America is a leader in beef production and exports and produces 12% of the world's milk. → Photo - Sergio Acero/ CEET



Allocation of the \$8.5 billion that CAF plans to invest in the sector will depend on project characteristics, which are evaluated according to their contribution to the green agenda using a methodology established in the international banking community. "In its operations, CAF is paying close attention to this in order to increase the green components of its projects or even generate projects that are 100% green in conservation or climate action," he explains.

Agricultural Prosperity strategy is comprehensive and the product of collaborative action. It is not the responsibility of a single area dedicated to agriculture, but of several: finance, trade, logistics, energy, irrigation, primary production, and environmental conservation, among others.

"For agricultural production to perform well, everything around it has to perform well," Lorenzo emphasizes. Hence the insistence on an integrated approach that considers services, road infrastructure, education, health, and now renewable energy and digitalization, the possibilities for innovation. Illustrating the reach of CAF's actions is its support for the development of telemedicine, the expansion of digital coverage networks, and the deployment of satellites, including some linked to the agricultural sector.

Externally, CAF works with government institutions as well as the private sector in developing this comprehensive policy. The strategy will be carried out hand in hand with other institutions and specialized teams, both at the regional and national levels, who know country realities and have technical expertise. Institutions such as FAO, IICA, WFP, and IFAD are among the strategic partners.

Public policy is also a strategic, top-tier ingredient for building agricultural prosperity for CAF. "It's not only interested in supporting and financing an irrigation project for the benefit of a group of producers, but in enabling States to strengthen their agricultural policy in general."

CAF will contribute its offering of financial and knowledge services as a development bank. "Here it's not just about lending money; it's about lending money for what and under what conditions," says Lorenzo. "We don't tell the public development bank or the private bank, 'Here, I'll lend you \$100 million,' but rather, 'I'll lend you \$100 million for this service offering that you can then pass on to your clients.' These are credit lines with a programmatic nature."

With this integrated, collaborative approach, CAF aims to establish itself by 2035 as the leading regional financial engine for agricultural prosperity in LAC. From its strategic role, it seeks not only to transform the sector while protecting the region's natural capital, but also to ensure food and nutrition security at the local, regional, and global levels. 🌱

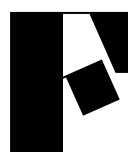
CAF: A Success Story as a Bond Issuer in Capital Markets



POINT OF VIEW

Gabriel Felpeto

Vice President of Finance at CAF – Development Bank of Latin America and the Caribbean–



For over three decades, CAF – Development Bank of Latin America and the Caribbean– has built a solid and strategic track record as a bond issuer in international capital markets. Since its first issuance in 1993, it has placed more than \$70 billion in over 30 currencies and 20 markets worldwide. Its annual funding program has multiplied 70-fold, from \$100 million to \$7 billion in 2024. This financial evolution reflects an institution that has expanded its reach, strengthened

its reputation, and aligned its instruments with the priorities of sustainable development in the region. Three milestones help explain this transformation: the expansion of its shareholder base, the steady improvement of its credit ratings, and an increasingly robust and diversified presence in global financial markets.

From Six Founding Countries to 24 Shareholder Nations. CAF was founded by six Andean countries to finance development and regional integration. Today, it has 24 shareholder countries and continues to grow. The recent incorporation of several Central American and Caribbean nations has reinforced a strategy of regional integration and shareholder diversification. This expansion has been achieved while maintaining the institution's Latin American and Caribbean identity. The region holds approximately 95% of CAF's share capital, and there are no non-borrowing donor countries. The progressive broadening of the shareholder base has strengthened not only CAF's capital structure but also its institutional legitimacy. Today, CAF is Latin America and the Caribbean's green and inclusive growth bank, with an agenda focused on sustainability, social inclusion, and climate resilience. In line with this expansion, the Shareholders' Assembly approved a \$7 billion capital increase in 2022,

the largest in the institution's history, which will allow CAF to double its loan portfolio by the early part of the next decade. This strengthening has played a decisive role in enhancing CAF's credit profile and consolidating its reputation as a high-quality issuer.

A Steadily Improving Credit Rating. One of the key drivers behind CAF's positioning in the markets has been its evolving credit profile. Since achieving investment grade in 1993, the institution has climbed to long-term ratings of AA (S&P, stable), Aa3 (Moody's, positive), and AA- (Fitch, stable). Today, it is the highest-rated issuer in Latin America and the Caribbean, outperforming all of its member countries and cementing its credibility as a supranational issuer. This reflects the strength of its assets, prudent financial management, and the trust it has built with investors, enabling it to access capital markets even during periods of high volatility. Rating agencies have highlighted institutional advances such as portfolio diversification, improved governance, and strategic alignment with sustainability goals. Moody's recent outlook upgrade to "positive" is a testament to that progress.

A Reliable and Recurrent Player in Global Markets. Since its first \$100 million bond issu-



CAF works to finance projects that drive the generation of clean energy, a symbol of sustainable development.

→ Photo - Mauricio Moreno / CEET

ance in 1993, CAF has solidified its position as a frequent and reliable issuer in international markets. To date, it has issued more than 400 bonds in 32 currencies, accessing both public and private markets across all continents. In recent years, CAF has achieved several key milestones that reflect its growing global and regional presence, including:

- In January 2025, it placed its largest issuance to date: a \$2 billion benchmark bond, which drew a record demand of \$14 billion.
- In February 2024, it returned to the pound sterling market after 22 years with a £1 billion issuance, which garnered the largest order book in the SSA (Socially Sustainable Action) segment in 2024 (excluding sovereigns), with more than £4.25 billion.
- That same year, it issued

A\$500 million in the Australian market, marking the largest placement by a Latin American issuer in that country.

- Also in 2024, it carried out a €1.5 billion issuance in the European market, securing one of the largest order books in its history in that currency.
- At the regional level, it has supported the development and deepening of capital markets in its shareholder countries through local currency issuances in Colombia, Costa Rica, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela.

Thanks to its strong standing as an SSA issuer, CAF has succeeded in attracting long-term institutional investors from around the world, consolidating a diversified and stable funding network. Its investor base includes approx-

imately 60 central banks and public institutions across five continents, reflecting sustained international confidence. This support has enabled CAF to maintain competitive market access conditions, even in times of high global volatility.

Financial Innovation for Regional Development

Alongside traditional issuances, CAF has strengthened its financial architecture with innovative instruments. Since 2016, it has issued more than 30 thematic bonds totaling \$4.6 billion, including green, social, water, education, nutrition, and health bonds. Most recently, in June, it launched its first €100 million blue bond focused on climate-resilient coastal development projects, with technical support from the United Nations Development Programme (UNDP).

Another example of CAF's innovative capacity was the recent issuance of its first hybrid capital bond for \$500 million, making it the first Latin American multilateral to adopt this type of instrument. Recognized as equity by credit rating agencies, this bond expands CAF's lending capacity by up to four times its value, thus reinforcing the institution's financial resilience.

CAF's journey in the capital markets is not just a financial success story: it is a path of strategic expansion, institutional credibility, and commitment to sustainable development. Each bond issuance, each credit rating upgrade, and each new shareholder country is part of a trajectory that reaffirms its role as a catalyst for inclusive growth, regional integration, and resilience in Latin America and the Caribbean. 🌱

500 Years of Lessons for the Future of Ibero-American Cities



POINT OF VIEW

Julián Suárez

Manager of Sustainable Territorial Development at CAF –Development Bank of Latin America and the Caribbean–

The urbanization process of recent decades in Latin America and the Caribbean (LAC) has been a driver of progress for millions of people. However, when not accompanied by adequate planning, it has also led to issues such as disorganized peripheral expansion, informal housing, the loss of green areas and biodiversity, increased forced human mobility, and socio-spatial segregation. In its commitment to promoting local solutions to global challenges, CAF –Development Bank of Latin America and the Caribbean– is supporting initiatives that seek urban sustainability, working to turn challenges into opportunities and advancing a development agenda based on three pillars: greener, fairer, and more prosperous cities.

The CAF Ibero-America 500+ Conference, held in July in Santa Marta, Colombia, was not only an occasion to commemorate the city's 500th anniversary but also to reaffirm that the cultural and natural her-

itage of our cities is a unique strategic asset for sustainable development. Organized by CAF with partners such as the Ibero-American General Secretariat (SEGIB), the Santa Marta City Hall, the Government of Colombia, and the Tras La Perla Foundation, the conference focused on the role of heritage cities as laboratories for promoting a growth model that blends identity with progress.

History is a source of inspiration and resilience that guides our efforts to build more equitable and sustainable cities. Over the coming decades, more than 40 cities in the region will celebrate the 500th anniversaries. Their historical richness has produced valuable urban, natural, and cultural heritage, but also social structures marked by inequality. Regionally, 23% of the urban population lives in informal settlements and 29% lives below the poverty line. According to UNESCO, LAC is home to 1,500 cities with heritage value, of which 151 are designated World Heritage Sites. However, only half of these have management plans that adequately address such intangible value, and many face threats from uncontrolled urbanization, mass tourism, and climate change. This context calls for policies that integrate heritage into comprehensive development strategies. CAF proposes a model that elevates local value, promotes identity, and strengthens the sense of belonging. Cultural and creative economies are central to its territori-

al development agenda. Investing in culture means not only capitalizing on the lessons and assets of the past but also shaping solutions that foster employment, sustainable tourism, productivity, and innovation. In this way, heritage becomes a driver of territorial prosperity.

Santa Marta also served as a stage to highlight the Ibero-American Alliance of Fifth Centennial Cities, promoted by CAF and SEGIB to boost investment in policies and projects that improve quality of life and harness cultural and natural assets sustainably. The alliance aligns with the decision of CAF's Board of Directors to allocate one-third of the 2022 capital increase to work with local and regional governments. Over the past five years, CAF has approved more than US\$7 billion in programs targeting subnational territories, either directly or indirectly. This commitment reaffirms CAF's belief that urban development must be centered on territories and communities, the true engines of change. The Ibero-America 500+ Alliance brings together efforts that generate tangible impact; it reflects CAF's commitment to heritage, culture, and the creative economy, and translates our vision into concrete action. By investing in heritage cities, CAF is promoting a more inclusive, productive, and resilient development path, one that honors deep roots while looking boldly toward the future. 🌐

URBAN DEVELOPMENT

By VD Editorial Team

@AgendaCAF



An Alliance for Quincentennial Cities


Santa Marta was selected as the pilot city for the Historic Cities 500+ Archives Exploration, Description, and Digitization Program led by CAF. → Photo - Carlos Rincon / CEET

The celebration of Santa Marta's 500th anniversary served as the backdrop for the signing of a commitment to the initiative "Ibero-America 500+: Cities with a Legacy for the Future," aimed at promoting a new level of development for these cities.

By the middle of this century, more than 40 cities founded after the arrival of Christopher Columbus on the coasts of the Americas will have reached 500 years since their founding. Among them are Santo Domingo, the capital of the Dominican Republic; Mexico City and Veracruz, in Mexico; Panama City; and Puerto Cortés, in Honduras.

100

MILLION INHABITANTS
IS THE APPROXIMATE
POPULATION OF THE CITIES
THAT WILL REACH 500 YEARS
OF FOUNDATION BEFORE
2050. THAT IS, ONE IN EVERY
SIX PEOPLE IN LATIN AMERICA
AND THE CARIBBEAN.

This year alone, several cities are commemorating their five centuries, including San Salvador, the capital of El Salvador; Tlaxcala, in Mexico; and Santa Marta, founded by the Spanish conquistador Rodrigo de Bastidas on the shores of the Colombian Caribbean, at the foot of the Sierra Nevada that bears its name and is the highest coastal mountain in the world. Known as “The Pearl of the Caribbean,” it was Simón Bolívar’s final refuge and is considered the oldest city in South America.

It was precisely there, during the five-century celebration held last July, that CAF –Development Bank of Latin America and the Caribbean– and the Ibero-American General Secretariat (SEGIB) hosted a conference in which representatives from Ibero-American cities signed the Santa Marta Declaration, a commitment to promote “Ibero-America 500+: Cities with a Legacy for the Future.”

This initiative, presented as an opportunity “to turn the past into momentum, the present into action, and the future into shared opportunity,” was created to strengthen not only cultural identity, but also urban sustainability and the environmental resilience of quincentennial cities.



MEMORY, A BRIDGE TO THE FUTURE

As another way of joining the celebrations of quincentennial cities in Latin America and the Caribbean, CAF –Development Bank of Latin America and the Caribbean– presented in Santa Marta the exhibition “Connecting Continents: A Shared History,” a sensory experience inviting reflection on the historical encounters between Europe and the Americas and their impact on the formation of Ibero-American cities.

The exhibition, designed for children, youth, tourists, and local communities, transforms history into a dynamic experience that connects the past with present-day challenges. It does so through a combination of audiovisual resources, old maps, digitized facsimiles, and sensory effects.

Visitors embark on transatlantic journeys and explore colonization and its legacy, discovering how these historical processes helped shape the identity of Ibero-American cities. Multiple voices narrate the construction of the region’s urban heritage.

“Connecting Continents” was developed in collaboration with Fundación Cajasol, Fundación Nao Victoria, the Spanish Ministry of

Culture, the Archivo General de Indias (General Archive of the Indies) based in Seville, and the Santa Marta Mayor’s Office.

Esther Cruces Blanco, Director of the Archivo General de Indias, thanked CAF for its commitment to the preservation, protection, and promotion of documentary heritage. “Doing this is nation-building,” she said.

This initiative is part of the Historic Cities 500+ Archives Exploration, Description, and Digitization Program, spearheaded by CAF to recover, digitize, and disseminate historical documents scattered across archives throughout the region. In addition to preserving this heritage, the program seeks to facilitate research and contemporary reinterpretation.

The first phase focused on identifying and recovering fragmented archival collections, with special emphasis on emblematic cities such as Santa Marta, selected as the pilot city. In collaboration with the Archivo General de Indias, work is underway to digitize key documents related to its founding. The estimated output is 21,000 images.

The cities expected to reach this milestone by 2050 are home to around 100 million people, that is, one in six in Latin America and the Caribbean (LAC). Capital cities such as Lima, Bogotá, Buenos Aires, Quito, Santiago, and La Paz (Bolivia’s de facto capital) are part of this group and serve as pillars not only of their countries’ political life, but also of their economic activity. What happens in these cities tends to shape national agendas.

For the President of CAF, Sergio Díaz-Granados, working to reacti-

vate and project a new level of development for these cities is “a unique opportunity to connect heritage legacy with a vision for the future” and to unlock greater economic growth potential in LAC.

Quincentennial cities share common challenges: preserving cultural heritage, managing urban growth, and securing innovative financing for sustainable projects.

“This is the time to use our shared experience to build solutions and make our mark on the world. Our role as a development bank is to



help unleash the region's full potential. To help strengthen regions and build bridges," said Díaz-Granados.

SEGIB's Secretary-General, Andrés Allamand, added that territorial inequality jeopardizes democratic coexistence and called for progress toward "a new urban pact that ensures a better quality of life for everyone."

Specifically, the alliance will focus on raising the profile of these cities, building capacities and knowledge, and most importantly, financing their future development by seeking access to international funds.

The alliance will facilitate the exchange of knowledge and experiences that may prove useful for these cities and their surrounding areas, while also promoting the implementation of public policies that improve their inhabitants' quality of life.

"It is essential that we promote the right tools for citizens, as we are the ones who build cities. We must take on the challenges to turn difficulties into livable and healthy spaces, and not merely places of

overcrowding. Facing these challenges together is crucial, which is why I commend initiatives like this one," said Susana Sumelzo, Spain's Secretary of State for Ibero-America and the Caribbean and for Spanish in the World, during the conference.

One of the first concrete announcements from the alliance was CAF's allocation of seed funding to design investment pathways for strategic projects that balance urban development with heritage preservation.

Over the past five years, CAF – Development Bank of Latin America and the Caribbean– has positioned itself as a central actor in urban transformation across the region, having approved nearly \$7 billion in programs to finance infrastructure in Latin American and Caribbean cities. The funding has supported key projects in sectors such as drinking water, sanitation, urban transportation, and cultural heritage restoration.

Now, through "Ibero-America 500+: Cities with a Legacy for the Future," CAF joins the mission of "building a new Ibero-American vi-

sion that is inclusive, green, participatory, and deeply rooted in our cultural identity."

In Santa Marta, that cultural identity is largely represented by the Indigenous Arhuaco people, whose spiritual leader (mamo) Camilo Izquierdo delivered the following message tied to sustainability: "May these 500 years serve as an invitation for deep reflection. We are still here in the Sierra, reflecting on this legacy. And here, where women, men, and youth are present, we must jointly envision scenarios of protection, because another gathering would be meaningless if we fail to consider the safeguarding of the land, water, and mountains—so that together we may build a future for those yet to be born and for those without a voice." ❧

The celebration of Santa Marta's 500th anniversary included the exhibition "Connecting Continents: A Shared History," a sensory experience designed to reflect on the historical encounters between Europe and the Americas. ➔ Photo - CAF

REGIONAL ISSUES

By VD Editorial Team

@AgendaCAF



A Locomotive for Sustainable Development



A study led by CAF -Development Bank of Latin America and the Caribbean- identified 155 railway projects across the region whose development would require US\$400 billion.

Another attractive opportunity for the rail industry in the region is the development of tourist trains, like this one that goes to Machu Picchu, Peru. ➔ Photo - Emmanuel Ledezma Araya / Unsplash.

Should Latin America and the Caribbean (LAC) move beyond the nostalgic image of trains, long associated with decades of decline, and transform rail transport into a locomotive for sustainable development and regional integration?

According to experts, the answer is yes. “We all know that a good strategy to mitigate climate change is to decarbonize transport. And if we consider that rail can eliminate up to 80% of the greenhouse gas emissions produced by road transport –which currently dominates logistics and mobility– it clearly makes sense to invest in rail,” says Ángel Cárdenas, Manager of Infrastructure for Development at CAF –Development Bank of Latin America and the Caribbean–.

However, Cárdenas explains that realizing this transformation means overcoming several barriers. The first is a structural and systemic one: the region’s overall underinvestment in infrastructure. “Currently, we’re investing only half of what we need to meet the 2030 Sustainable Development Goals,” he notes.

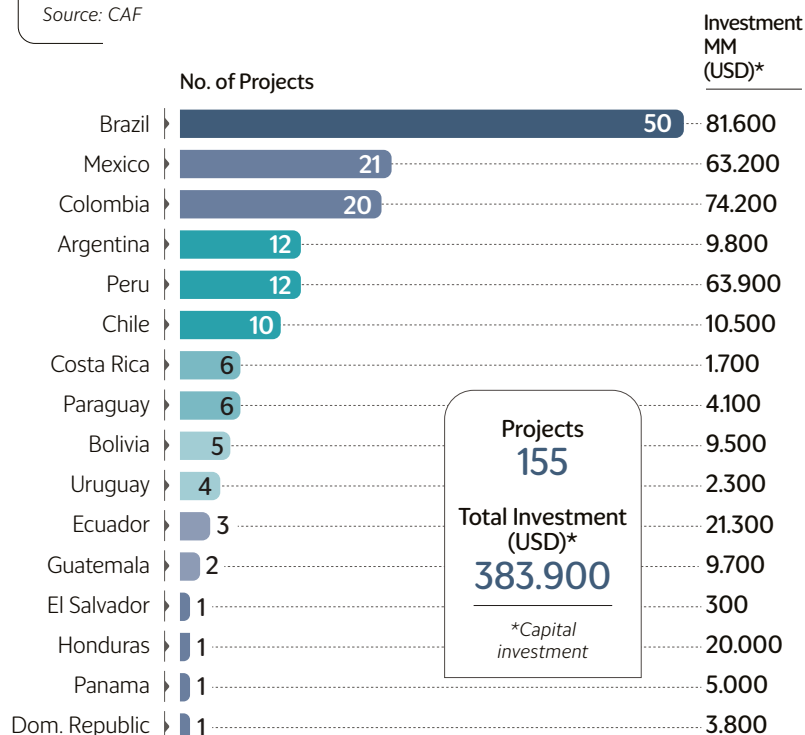
This investment stands at around 1.4% of GDP. Specifically for transport, it is only 0.9%, and 80% of that goes to roads. “This leaves out much of what we should be allocating to rail,” Cárdenas says.

The reality is that road projects are cheaper than rail ones, which, due to their scale, cannot always be financed directly by public treasuries. “And this brings us to another barrier: the lack of depth in the financial market to create flexible structures that can support this type of invest-

Planned Railway Projects in LAC

The projects included are freight, passenger, and mixed.

Source: CAF



ment more innovatively, given how slowly it pays off,” Cárdenas explains.

There are also regulatory hurdles. These relate to the harmonization of standards and practices –particularly in terms of interoperability and intermodality– which limit rail’s potential to enhance productivity and competitiveness.

Human capital is another challenge. The lagging state of the rail system means a shortage of skilled professionals. “We certainly need to retrain people to meet the demands of these investments,” says Cárdenas.

There are, however, encouraging figures for rail investment. LAC has some of the world’s highest logistics costs –around 14% to 18% of product

value– almost double the average of countries in the Organisation for Economic Co-operation and Development (OECD).

Rail transport reduces logistics costs by 30% to 50%, boosts productivity and competitiveness, enhances the efficiency of international trade, and connects isolated communities.

In the region, only 7% to 10% of cargo is transported by rail, compared to 40% in the United States. “We face logistics challenges, but they stem from poor planning capacity. Our railway infrastructure is fragmented and disconnected,” says Cárdenas. “Investing in rail means social cohesion, efficient logistics, and a just energy transition,” he stresses.

According to Cárdenas, future railway development should focus on long-distance trains for both freight and passengers, not only to accelerate the return on investment, but also to promote convergence, territorial cohesion, and enhance the competitiveness of supply chains by bringing markets closer together.

That said, urban and suburban connections should not be overlooked, especially given that 80% of the LAC population lives in cities, which are key drivers of economic development and national competitiveness.

A Snapshot of the Region

At the International Forum on Railway Reactivation, organized by CAF and Colombia's Ministry of Transport and held in Bogotá in July, with experts from 12 countries, it was revealed that 155 railway projects have been identified in the region. These would cover around 57,000 kilometers of rail and require close to US\$400 billion in investment.

Brazil, Colombia, Peru, and Mexico are the countries with the highest investment needs. Brazil is considering 50 projects requiring US\$81.6 billion. Colombia has 20 projects that would demand US\$74.2 billion. Mexico aims to revamp its robust rail system with 21 projects requiring US\$63.2 billion, and Peru is planning a coastal rail line from the Ecuadorian border to the Chilean border, needing US\$63.9 billion.

Of the 155 projects, 80% are considered medium or high-priority: 68 are high-priority, 59 medium-priority, and 28 low-priority.

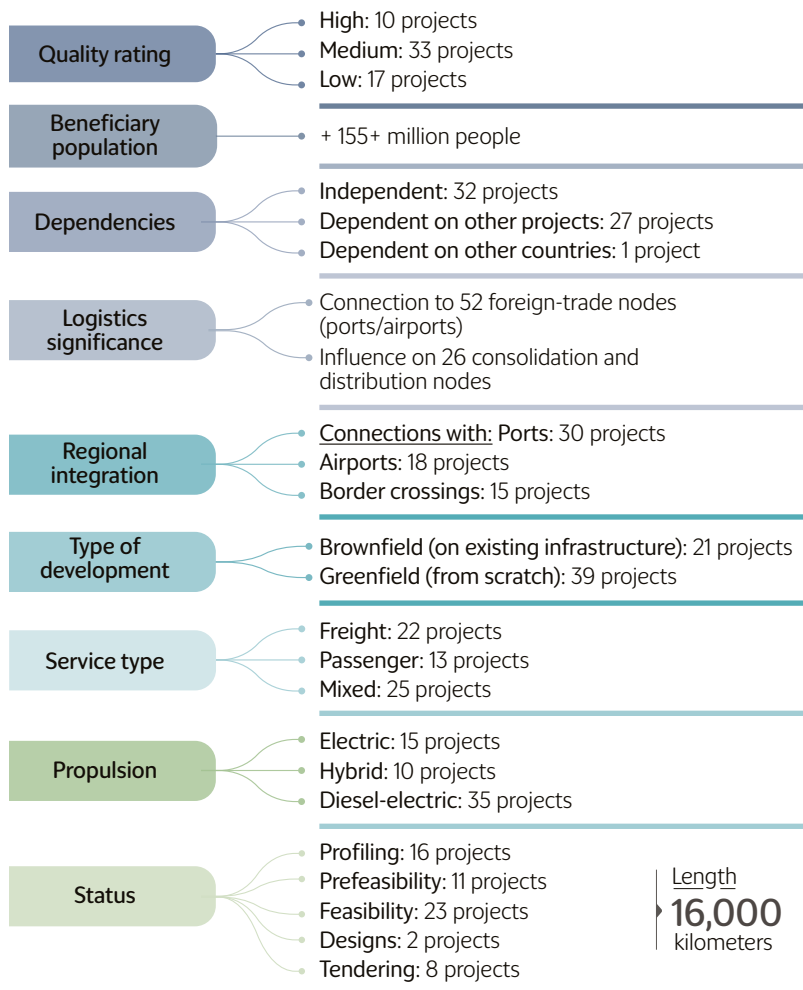
CAF's in-depth analysis identified a subset of 60 projects totaling 16,000 kilometers, potentially benefiting 150 million people and requiring US\$153 billion in investment. These projects "need special support for technical and/or financial structuring."

Throughout the forum, CAF executives emphasized that "the main challenge isn't money, but the qua-

Characterization of the identified projects

Features of the 60 identified projects that require structuring support.

Source: CAF



lity of the project structuring." Most of these 60 projects are rated as medium-quality. Many are crucial for integration with ports and airports. A total of 45 are freight or mixed-use (passenger-freight) projects, and 39 are fundamentally new builds (greenfield projects).

Given the high capital requirements that public budgets alone cannot cover, Cárdenas underscores the need for alternative financing mechanisms in the region, including

public-private partnerships, concessions, international cooperation, value-capture mechanisms, and others.

It is also essential to identify the appropriate governance model to ensure project execution and operation with minimal delays and cost overruns. At the forum, CAF Executive President Sergio Díaz-Granados called for Latin America and the Caribbean to adopt long-term state policies around rail development that endure beyond government cycles.

ON-TRACK PROJECTS ACROSS THE REGION

①

Uruguay Hops Aboard the Train

At a cost of approximately US\$1.3 billion, Uruguay developed the Central Railway, connecting the inland city of Paso de los Toros with the Port of Montevideo to move over 4 million tons of cargo –mainly cellulose– while significantly cutting freight costs and CO₂ emissions. CAF contributed a US\$85 million loan and helped catalyze an additional US\$250 million. The institution is now supporting Uruguay in designing its National Railway Transport Master Plan to revitalize and modernize the rail system for both urban and rural passenger transport, as well as cargo.

②

Chile Sets Its Plan in Motion

Chile's national railway company (EFE) plans to invest over US\$5 billion in transformative projects for the country's rail sector. CAF has reaffirmed its role as a strategic partner in this sustainable development initiative by providing US\$1.2 billion in financing without sovereign guarantees. EFE's 2,311-kilometer network will include a new Metrotren line connecting Santiago's Central Station with Melipilla in just 48 minutes, benefiting eight municipalities in the capital's metropolitan area by 2030.

③

Colombia's Interoceanic Dream

After reactivating the La Dorada-Chiriguana freight corridor, an investment of nearly US\$115 million, the Colombian government is moving forward with several key projects. These include the Pacific Railway Corridor, linking the Catatumbo region on the Venezuelan border with the central rail network, and a high-impact interoceanic line between the Pacific and Atlantic coasts across the department of Chocó, bordering Panama. At the regional level, the Regiotram de Occidente in the Bogotá metropolitan area is underway and will be complemented by a northern line. Another project on the horizon is the Valle del Cauca commuter rail, which would serve the greater Cali area.



CAF brought together experts and authorities this past July to discuss the revival of railway systems. → Photo - CAF

In recent years, CAF has provided US\$2 billion in railway projects across five countries and allocated US\$14 million in technical assistance for project structuring in ten countries.

Additionally, CAF continues to mobilize technical and financial resources through a network of cooperation agencies, development banks, technical agencies, and international operators.

“The train is not a relic of the

past; It's a key element in the future of mobility in Latin America and the Caribbean. Rail has been, and can continue to be, a driver of progress by connecting regions, linking local economies, and reducing emissions,” said Díaz-Granados at the forum.

“This rail revival is not a passing trend– it's part of a comprehensive strategy to build a more sustainable and integrated region,” he concluded. 🌱

🔗 BACKING URBAN METROS

CAF has approved up to US\$300 million in financing for the Santiago Metro system's expansion and modernization plan. Since the 1990s –starting with the Caracas Metro– CAF has provided over US\$4 billion in technical and financial support for major metropolitan transit systems in Argentina, Brazil, Colombia, Ecuador, Panama, Peru, and Venezuela.

REGIONAL ISSUES

By VD Editorial Team

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What's the Formula to Boost Trade in the Region?

One of the region's major challenges is to create more fluid and intensive mechanisms for intraregional trade.

→ Photo - Vanexa Romero / CEET

Improving the efficiency of Latin America and the Caribbean's product placement in global markets remains key to strengthening competitiveness and taking full advantage of freer trade.

More than 60 years ago, integration processes began to emerge among the countries of Latin America and the Caribbean (LAC), aimed particularly at enhancing economic exchange within the region, accelerating development, and enabling the region to act as a unified bloc on the global stage. Over 30 years ago, seeking to foster freer and more fluid global trade, many LAC countries embraced trade

liberalization, slashing tariffs and other barriers, and multiplying free trade agreements (FTAs) with more powerful countries and regional blocs.

Despite increased trade and investment flows, expectations have not been met. As noted in CAF's 2021 Report on Economic Development (RED), LAC has not managed to reverse its stagnating share in global trade flows, which has remained between 4% and 5%.

The region's export map also shows that FTAs have primarily been used to insert certain raw materials into extra-regional markets, rather than value-added products, those that enable countries to enter global value chains. The result has been a bilateralization and re-primarization of trade with extra-regional partners.

CAF's report further notes that "the liberalization measures adopted did not lead to significant or sustained increases in intraregional trade." LAC remains one of the least economically integrated regions in the world: since the mid-1990s, exports destined for other countries within the region have ho-

vered around 15% of the total. By contrast, 55% of the European Union's exports are intra-EU, and 38% of trade among North American Free Trade Agreement (NAFTA) members (Canada, the United States, and Mexico) takes place within the bloc.

The Formula for Change

How can this dynamic be reversed? According to CAF experts, the current situation stems largely from the fact that “the region’s global integration has been primarily normative and institutional, rather than productive and economic.” In other words, while FTAs provide access to certain markets, low productivity and a lack of competitiveness prevent many countries from capitalizing on them. As a result, many LAC nations are now less focused on signing new FTAs and more on implementing and leveraging existing ones.

CAF’s trade specialists note that the greatest obstacles lie in non-tariff issues, which must be addressed to create sufficient conditions for competitiveness, both within the region and in external markets.

The first priority is improving infrastructure. Despite progress, the cost of exporting goods from Latin America remains a significant disadvantage. According to the World Bank’s Logistics Performance Index, the region lags behind the best-performing countries by 35% to 40%. There is a pressing need to develop integrated, sustainable infrastructure that is also fit for purpose.

Another critical area is trade facilitation and cross-border development. According to experts, it’s about “identifying the services the State must provide to ensure that a product does not get held up at a border crossing, even if there’s a good road.”

CAF works closely not only with commerce ministries and customs agencies but also with non-customs agencies such as those overseeing agriculture and health, which often lack institutional capacity despite being es-

sentia for key export sectors like agribusiness.

Standardization and regulatory alignment are additional areas where improvements are needed to support interoperability, digitalization, and the adoption of advanced technologies. According to CAF representatives, interoperability reduces the bureaucratic burden on trade and helps smaller companies access a wider range of markets.

CAF also stresses the importance of working with countries in the region on a long-term climate change and sustainability agenda, as this has a direct impact on the productivity of investments, especially in infrastructure.

There is also considerable room for improvement in training, according to experts. Often, there is limited knowledge about what is required to access certain countries or regions. Better information must be made available through regional integration bodies to address this gap.

Overcoming these challenges is essential to seizing the significant opportunities emerging from recent shifts in the geopolitical and economic landscape, which have altered the trajectory of global trade after nearly 40 years. LAC could benefit from changes in trade patterns by leveraging trends such as nearshoring and friend-shoring (relocating production or operations to countries that are geographically or politically close to key markets). This could enable the region not only to export more to major markets like the United States but also to trade more within the region and build regional value chains. 🌱

The region has made progress in building trade infrastructure between countries, but the needs still outweigh the solutions.

➔ Photo - Diego Cauayo / CEET



35%-40%

THIS IS THE GAP BETWEEN THE REGION

AND THE BEST-PERFORMING COUNTRIES IN LOGISTICS, ACCORDING TO THE WORLD BANK. MORE INTEGRATED AND SUSTAINABLE INFRASTRUCTURE IS NEEDED.

FINANCES

By VD Editorial Team

@AgendaCAF



Sustainable Blue Economy:

A COMMITMENT TO THE
HEALTH AND WEALTH
OF THE OCEANS

The region's future is tied to the fate of its seas, which cover half of its geography.

CAF -Development Bank of Latin America and the Caribbean- plans to invest US\$2.5 billion in them before 2030.

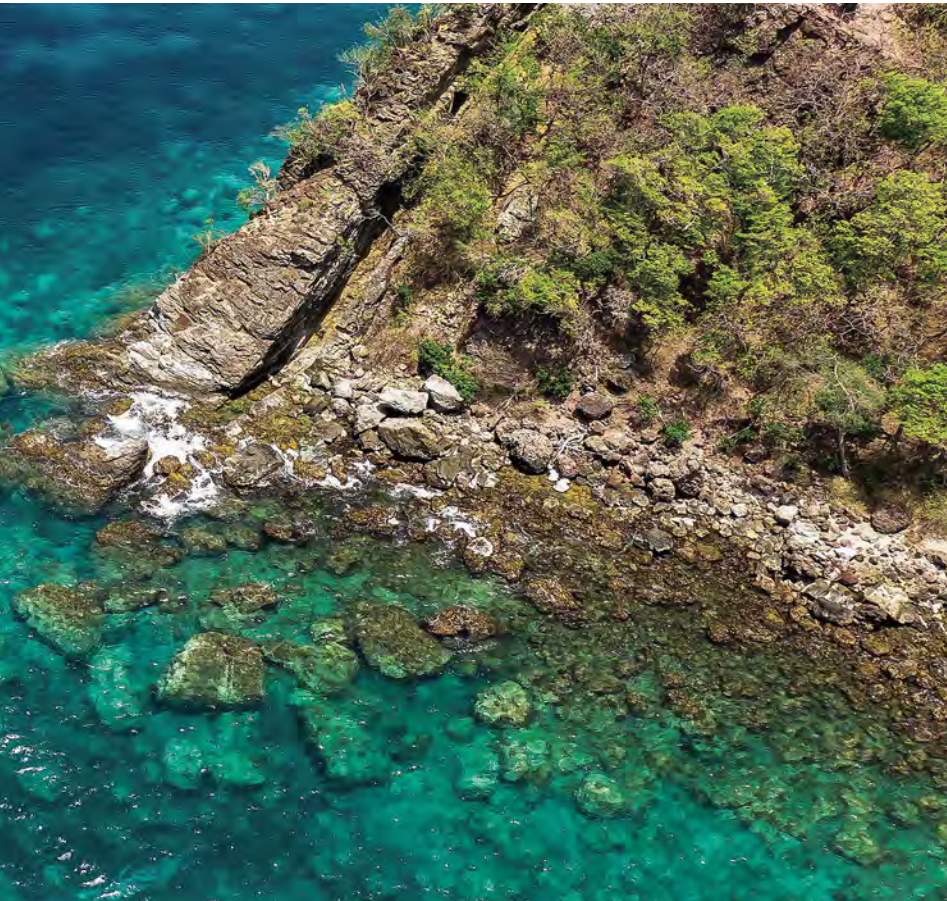


What do a woman working to conserve mangroves on Colombia's Pacific coast, men and women removing sargassum (seaweed) from Mexico's beaches, a fisherman off the Peruvian coast, port workers in coastal cities, and tourism promoters in Caribbean countries have in common?

All of them –knowingly or not– are part of what is now known as the “blue economy,” that is, the ocean economy which, in Latin America and the Caribbean (LAC), involves more than 27% of the population living in cities, towns, or coastal territories, and who depend –directly or indirectly– on what the sea provides.

“What we say is that the blue economy includes everything related to the health of the ocean and the wealth it

The Caribbean Sea holds natural riches that enable the development of its continental coastal areas and islands beyond tourism. → Photo - Hugh Whyte / Unsplash



provides,” explains Alicia Montalvo, Head of the Climate Action and Positive Biodiversity Management at CAF –Development Bank of Latin America and the Caribbean–.

In terms of the wealth provided by the region’s oceans, marine biodiversity stands out as unparalleled: the marine and coastal ecosystems of Latin America and the Caribbean produce half of the oxygen we breathe and, since 1980, have absorbed over 90% of excess heat and a quarter of CO₂ emissions. Between 10% and 12% of the world’s coral reefs and mangroves,

and 18% of global ecoregions, are located in LAC.

Each year, the economic contribution of LAC’s oceans is estimated at US\$19 billion, not including tourism. In 2023, 30 million tourists visited the Caribbean, generating the equivalent of 30% of its GDP.

In terms of ocean health, the figures reflect the impact of marine system degradation: 40% of LAC’s fishery production was lost in a single decade due to global warming and coastal erosion.

Many of the region’s coastal areas face degradation of marine ecosys-

tems, weak local capacity to address challenges, limited value added in marine-coastal value chains, investment gaps, and institutional fragmentation that hinders the reconciliation of marine wealth with ocean health.

“The oceans are in crisis. Warmer and more acidic waters, rising sea levels, and overfishing—with 90% of global resources at their limit—threaten the food security of 1 billion people and the 350 million jobs tied to the sea,” warns Sergio Díaz-Granados, Executive President of CAF.

In his view, the region’s economic future “is inextricably linked to the health of the oceans, which cover half of Latin America and the Caribbean’s geography and up to 91% of island states.”

That is why CAF decided to commit to the health of the oceans and the well-being of the population that depends on them and placed the issue of the blue economy on the public agenda. It considers that LAC, due to its marine biodiversity and the population that inhabits it, has the potential to become a “solution region,” capable of leading productive transformations based on its natural and human capital: 23 of the 33 countries have more marine territory than land territory.

After investing US\$1.25 billion in the blue economy and launching a blue bond for €100 million, CAF expanded its focus on the sustainable blue economy with the aim of making it a pathway to reducing inequalities and strengthening the coastal socioeconomic fabric. Its current commitment is to mobilize US\$2.5 billion by 2030.

This approach implies that the use of marine resources must occur within the ocean’s ecological limits, because blue development is

only sustainable if it maintains or enhances the ecosystems' capacity to regenerate, protects biodiversity, and provides essential ecosystem services such as carbon capture, coastal protection, or food supply.

It is also key that marine-coastal activities generate opportunities for local communities, Indigenous peoples, women, and youth, ensuring the fair distribution of economic benefits and fostering value retention in the territories.

The aim is to channel technical, financial, and institutional action focused on making the ocean a transformative axis for the region in three dimensions: social inclusion and territorial equity, balance between conservation and development, and climate resilience and adaptation. According to CAF, this is an alternative, inclusive, and regenerative model capable of generating economic opportunities without compromising ecological balances.

"We see great potential in the sustainable blue economy to help improve poverty indicators in coastal cities and the quality of life of their inhabitants," explains Erick Castro, Principal Executive of Technical Advisory on Biodiversity and Climate at CAF.

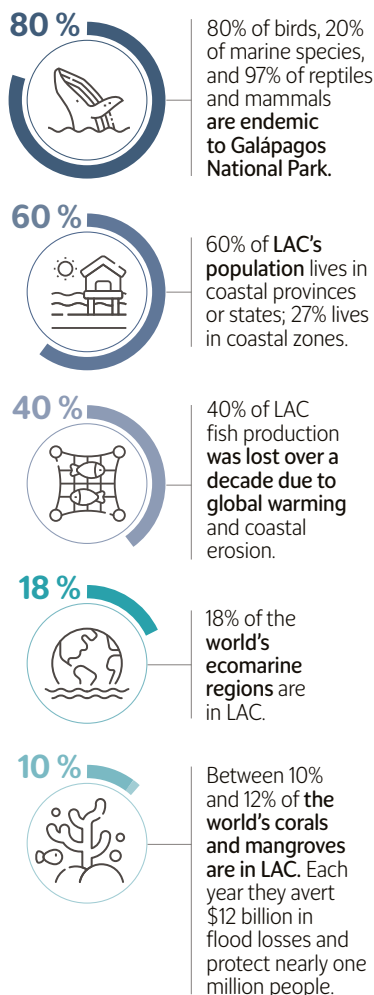
Six Strategic Pillars

CAF defined a sustainable blue economy roadmap that includes financing, knowledge, diplomacy, and innovation at the service of a regional blue agenda, with four core functions: blue financing, local value generation, capacity building, and blue diplomacy, and six priority thematic lines: marine-coastal resources, blue energy, tourism and recreation, infrastructure and transportation, innovation and technology, and institutional framework.

The idea is to mobilize resources and instruments tailored to the region's needs, such as blue bonds, results-based schemes, or debt-for-nature swaps, with environmental, social, and economic impact

In the seas of Latin America and the Caribbean (LAC)

Source: CAF



criteria, to support sustainable marine-coastal value chains, foster blue entrepreneurship, and create conditions for benefit retention in coastal territories.

A key aspect of the strategy is the promotion of blue diplomacy, that is, strengthening the promotion of regional and international cooperation, giving the region a voice in global forums, and facilitating com-

mon agreements to make the blue economy a development priority.

"The idea is to position a Latin America and Caribbean brand in every possible forum, because today the region lacks presence and a unified voice in those negotiations," says Alicia Montalvo.

With this in mind, CAF hopes to strengthen its technical presence in the countries and serve as a platform for alliances for blue action, delivering results on six fronts. One is to restore and protect critical ecosystems such as mangroves, reefs, and seagrasses. Another is to reduce dependence on fossil fuels through ocean-based renewable energies.

It also aims to improve food security through sustainable fishing and aquaculture, as well as to promote employment, innovation, and competitiveness in coastal communities. Two additional goals are to increase resilience to climate change and reduce social vulnerability.

According to CAF studies, it is essential to understand that the convergence of climate crisis, biodiversity loss, inequality, and pressure on coastal areas demands structural responses and presents a window of opportunity to position the ocean as a strategic development asset. However, it warns that this transformation cannot be achieved alone: governments, the private sector and financial institutions, communities, academia, and multilateral organizations must work together to build a shared blue agenda.

"Ocean action in Latin America and the Caribbean is not only urgent but also viable, desirable, and strategic," says CAF, which seeks to establish itself as the region's green and blue bank, with a long-term commitment to the design, implementation, and scaling up of policies, projects, and capacities.

The ultimate goal is to work toward a more inclusive, resilient, and sustainable coastal development through a blue agenda that delivers tangible impact across the region.

Projects: From Ocean Policies to Sargassum Management

CAF was a pioneer in committing to the blue economy, allocating US\$1.25 billion for the 2022–2026 period. These funds were quickly matched with projects already awaiting financing—so much so that a year before the deadline, all the resources are already in execution.

The funds were allocated across the region to strengthen marine protected areas, support sustainable fishing, eradicate invasive species, restore coral reefs, manage sargassum, improve sanitation and waste management, prevent flooding, and ensure the sustainability of economic activities in coastal zones.

So far, CAF has supported 17 credit operations and 18 technical cooperations featuring components of the sustainable blue economy and the protection of marine and coastal zones, benefiting 16 countries in Latin America and the Caribbean.

Support has gone to a wide range of projects, including coastal adaptation (Trinidad and Tobago), energy transition in the shrimp sector (Ecuador), marine sanitation (Ecuador, Brazil, El Salvador), and ocean policy development (Colombia).

The technical cooperations cover areas such as coral restoration, sargassum management, marine protected area management, and the reduction of illegal fishing. In addition, CAF has mobilized US\$90 million in green funds to promote the blue economy

and control invasive species and has secured an additional US\$25.7 million for mangrove restoration and sargassum management.

“This milestone in blue financing reflects our commitment to preserving marine and coastal ecosystems, which are vital for the future of our region. We have invested in projects that not only aim for environmental sustainability but also promote economic growth and the well-being of our communities,” said Sergio Díaz-Granados.

Among the projects promoted by CAF is a technical cooperation initiative in Mexico to foster the sustainable integrated management of sargassum in the Greater Caribbean, with the goal of mitigating its impact in the region. The mass arrival of this algae is causing ecological, economic, and social damage in coastal communities and marine ecosystems, affecting both the fishing and tourism industries.

The aim of this initiative is to promote regional cooperation and the exchange of knowledge and experiences on the integrated management of sargassum in the Greater Caribbean, complemented by a research cam-

paign in the Great Atlantic Sargassum Belt to assess the issue, its causes, and impacts, including the potential for mobilizing blended finance, green funds, and other financial instruments.

“With this project, we aim to address the sargassum problem comprehensively, contributing to actions that help preserve marine ecosystems, tourism and fishing development, and significantly improve the quality of life for Caribbean populations,” said Alicia Montalvo.

CAF also issued a Blue LAC Bond of €100 million in partnership with the United Nations Development Programme (UNDP), which is acting as technical coordinator, to support sustainable and climate-resilient coastal development across Latin America and the Caribbean.

Eligible blue projects will be financed, including the development of sustainable water management infrastructure in coastal areas to help protect nearby marine ecosystems and improve the adaptation of local communities. Initial project locations include Brazil, Ecuador, and other countries in the region. 🌊



} CAF promotes the sustainable integrated management of sargassum in the Greater Caribbean to mitigate its impact in the region.

Above: The marine phenomena in the region can be used to generate tourism development. Whale watching is one such example.

➔ Photo - Santiago Saldarriaga / CEET.

FINANCES

By VD Editorial Team

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CAF's First Sustainable Bond: A Highly Successful Placement

International investors demonstrated strong confidence in the bank, with demand reaching 15 times the original social development across the region.

In line with its mission to become the green bank for sustainable and inclusive growth in the region, CAF –Development Bank of Latin America and the Caribbean– issued its first Sustainable Bond.

The 7-year transaction generated exceptional interest, resulting in the largest order book in the bank's history. Demand exceeded €14.9 billion, 15 times the original €1 billion offering. This allowed CAF to upsize the issuance to €1.5 billion, matching its largest-ever euro-denominated transaction. The bank secured the funding from investors at an annual coupon of 3.125%.

This milestone reinforces CAF's growing role as a leading capital mobilizer for Latin America and the Caribbean. CAF's Executive President, Sergio Díaz-Granados, emphasized the trust international investors placed in the institution by supporting this bond aimed at financing projects with environmental and social benefits.

Investor confidence is grounded in the bank's credit ratings: Aa3/AA/AA- (positive/stable/stable). In May,

Moody's Ratings improved CAF's long-term credit outlook from "stable" to "positive" and reaffirmed the Aa3 rating, recognizing significant institutional progress in capitalization, shareholder base diversification, and asset expansion.

Between 2022 and this year, CAF's membership grew from 18 to 24 countries. The bank has also achieved a significant capital increase, not only through new member contributions

but also from disbursements related to the \$7 billion capital expansion approved in 2022.

This strengthened financial position has enhanced CAF's ability to attract funding for regional projects. "The proceeds from the Sustainable Bond will allow us to scale up competitive financing for our member countries, accelerating the green transition, social inclusion, and sustainable development in the region," said Díaz-Granados.

CAF's benchmark bond, the fourth issued by the institution in 2025, was managed by BBVA, BNP Paribas, Crédit Agricole CIB, Deutsche Bank, and Santander, which acted as joint lead managers for the transaction.

The volume allocated through this debt instrument was distributed as follows: 41% to active managers, 39% to central banks and official institutions, 13% to banks and private banking, and the remaining 7% to insurers and pension funds.

As expected, the geographical distribution leaned heavily toward European investors (71%), followed by a significant share from Asia and the Pacific (26%), and the remaining 3% from Middle Eastern investors.

Third Milestone

CAF executives highlighted that this successful placement marks the third major milestone in the bank's sustainable finance strategy this year. The first was the publication of its Sustainable Finance Framework in February, and the second, the issuance of its first Blue Bond in June.

CAF's Sustainable Finance Framework outlines the institution's comprehensive strategy to promote sustainable development in its shareholder

€14.9

BILLION

WAS THE TOTAL

DEMAND FOR CAF'S
SUSTAINABLE BOND,
15 TIMES THE INITIAL
ISSUANCE AMOUNT.



Landscape of Guainía, a Colombian region bordering Brazil and Venezuela, where sustainable economic projects are especially needed for Indigenous communities.

→ Photo - Government of Guainía

countries through strategic agendas focused on a just energy transition, climate resilience, biodiversity protection, sustainable territories, social well-being, and infrastructure development. It also clearly states the Bank's alignment with the United Nations Sustainable Development Goals (SDGs).

CAF's document follows internationally recognized standards set by the International Capital Market Association (ICMA), including the principles for green, social, and sustainability bonds, and incorporates, among other guidelines, the Blue Finance

Guidelines of the International Finance Corporation (IFC).

Meanwhile, the Blue Bond issuance was aimed at financing projects that promote ocean and marine ecosystem conservation and, more specifically, support sustainable and climate-resilient coastal development in the region.

The operation, which had the technical support of the United Nations Development Programme (UNDP), raised €100 million. The 5-year bond matures on June 11, 2030, and carries an annual coupon of 2.975%. The entire amount was subscribed by BNP Paribas Cardif.

This year, CAF approved \$5.2 billion in loans for 16 operations across 10 countries in the region, focused on climate action and energy transition, and announced the approval of an additional \$1.445 billion to finance strategic projects in Argentina, Brazil, Chile, El Salvador, and Honduras. 🌿



“The resources obtained (through the Sustainable Bond) will allow us to expand competitive financing for our member countries, accelerating the green transition, social inclusion, and sustainable development across the region.”

Sergio Díaz-Granados
Executive President of CAF
-Development Bank of Latin America and the Caribbean.

FINANCES

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LAC Future Bank: High-Quality Investment in Children and Youth

CAF and UNICEF join forces to launch an initiative that aims to mobilize \$5 billion over five years for projects defined with a methodology that will make them better targeted and more efficient.

Investing in the comprehensive development of children and youth delivers high returns. CAF will seek to increase it significantly.

→ Photo - Vanexa Romero / CEET

Of the 255 million children, adolescents, and young people (ages 0–24) in Latin America and the Caribbean (LAC), more than 115 million (45%) are living in poverty and face multiple risks that limit their full development and can leave many stuck in the same precarious living standards their parents likely experienced.

This reality led CAF –Development Bank of Latin America and the Caribbean– to conclude that investing in the next generation is not only “an ethical imperative,” but a “strategic condition” for ensuring the region’s sustainable development and competitiveness. Studies show that every dollar invested in early childhood yields between \$4 and \$16 in economic and social benefits.

For this reason, CAF has been stepping up its social bets. In fact, this year the social portfolio will become the bank’s second largest, and CAF has sought to amplify its work hand in hand with organizations that specialize in human development. With one of them, the United Nations Children’s Fund (UNICEF), it forged a strategic alliance to launch the LAC Future Bank initiative, which aims to mobilize around \$5 billion by 2030 and benefit 50 million children and young people across the region.

“While we have solid experience in areas such as education and health, and we’re building a very significant social

portfolio in the region, we decided to leverage UNICEF's expertise for the work we will do with governments so they can make sound decisions regarding this young population," said Pablo Bartol, CAF's Manager of Human and Social Development.

With LAC Future Bank, CAF positions itself as the first multilateral development bank to adopt UNICEF's Child-Lensed Investment Framework (CLIF) as a North Star. "We are going to adopt as our own an investment analysis methodology developed by an international organization. CAF will use it to help governments make the necessary adjustments so that those investments are truly centered on children and youth—and thus deliver greater benefits to them," Bartol added.

Ultimately, the goal is to establish a transformational investment paradigm that ensures projects prioritize child well-being from design through implementation. "In LAC, nearly 60% of the child-focused Sustainable Development Goals are not showing progress. These initiatives will strengthen access to the essential pillars on which children's health and development depend, including early childhood development, education, and protection from violence and harm, while breaking the

FOUR OBJECTIVES

LAC Future Bank will mobilize financial and technical resources toward high-quality, child- and youth-centered projects to:

- 1. Promote comprehensive**
early childhood development (ages 0-6).
- 2. Improve the development**
of foundational capabilities during childhood (ages 6-12).
- 3. Strengthen 21st-century**
skills for adolescents (ages 12-18).
- 4. Facilitate the transition**
from education to the labor market for youth (ages 19-24).

vicious cycle of poverty," said UNICEF Executive Director Catherine Russell at the launch of LAC Future Bank.

First Social Bond

CAF already has specific projects on the table in several countries that could fall under this initiative. One example

is a drinking-water investment whose priority areas were defined based on where anemia and chronic child malnutrition linked to poor water quality are most severe. "Children may receive good nutrition, but if they then drink contaminated water, they can lose the benefits of that nutrition. For that reason, the interested government committed to directing investments to the areas with the biggest problems of this kind," Bartol explained.

Health will be a priority when selecting projects, but so will education, including education tied to countries' productive activity, which need well-trained talent for the workforce.

A key step toward leverage will come in January. "We're going to launch our first social bond, on privileged terms, to highlight the importance of investing in this agenda and attract those who want to identify with our effort," Bartol said. In addition, CAF will seek resources outside the region in the form of grants from foundations or impact-oriented investment funds.

An important objective is for loans requested for child- and youth-focused projects to carry the most favorable terms thanks to interest-rate discounts applied by CAF.

"There may be investments with more glamour or visibility because you cut a ribbon at an inauguration and there's more applause, but these kinds of investments are more effective because they build the human capital our countries need. We can build good bridges, but if there aren't people capable of creating something better on top of that, they won't be worth much," Bartol concluded. ❀



During the most recent UN General Assembly, CAF and UNICEF announced their alliance to launch LAC Future Bank. → Photo- CAF

LEADERSHIP

By VD Editorial Team

@AgendaCAF



The Boy Who Founded a Bank to Help Other Children



José Adolfo Quisocala Condori is about to turn 21. He has devoted two-thirds of his life to building his financial and environmental project. → Photo - Personal archive

At just 7 years old, José Quisocala Condori created a platform to encourage other children to save money and recycle in his hometown of Arequipa, Peru. His initiative was awarded the Enrique García Leadership Prize by CAF -Development Bank of Latin America and the Caribbean-.

José Quisocala never dreamed of becoming a banker, he just wanted to help other children. A remark from his father, after José said he didn't want to go back to school, stuck with him: "You should be more grateful, because there are many children who can't go to school and are working on the streets."

At age 7, José struggled with school. "I was constantly getting scolded because I couldn't concentrate, and at one point I thought education wasn't for me." So, chan-



Young people bring solid waste for recycling to collection points, where it is weighed and its value is deposited into each person's account. → Photo - Personal archive

neling his admiration for Sherlock Holmes, José decided to investigate why so many children in Arequipa (Peru) were working in the streets, a way to respond to his father's advice.

One story in particular moved him. A boy working on Mercaderes Street told him he had to work because his father had lost his job, his mother couldn't find work, and he refused to let his younger siblings go through what he had experienced.

"He told me that when he got to school, other children would mock him because he didn't have school supplies. And when he got home, he had to share a plate of food with his siblings. I asked him if any adult had ever done anything for him, and he said no. So I thought maybe a child like me could do something."

José then emptied his piggy bank, filled his pockets with coins, and started handing them out to children he saw on the street. He did this for several days. But eventually,

he ran out of savings, and his parents told him they couldn't give him any more money.

Then he remembered that when his father didn't have money, he would go to the bank to withdraw some. In his innocence, José thought banks were magical places that gave money to those who needed it, and he began asking around to see if there was a bank for children.

"There wasn't one, so I said: 'I'm going to create it.'" That was actually his campaign proposal when he decided to run for student body president at his school. "I won the election and then realized the kind of problem I had gotten myself into, because banks aren't magical."

But he didn't give up. Then came the idea that, 13 years later, has earned him more than 20 international and 15 national awards: to create a bank where the currency is recyclable solid waste, and whose sole purpose is to include children and

young people in financial life, teaching them to save while also protecting the environment. Its name: *Eco Banco del Estudiante Bartselana*.

The most recent award came from CAF –Development Bank of Latin America and the Caribbean—during the second edition of the Enrique García Leadership Prize, which recognizes innovative initiatives with social and environmental impact in the region.

"I've often received awards that go nowhere afterward, but CAF has been different. I'll never forget the words of Nathalie Gerbasi, CAF's Di-

TWO EDITIONS OF A PRIZE FOR YOUNG LEADERSHIP

CAF created the Enrique García Leadership Award in 2022, in honor of who was the institution's president for 25 years. It is aimed at recognizing leadership among young people between 18 and 30 years old from CAF's shareholder countries. Through this award, the bank seeks to support initiatives, actions, and activities that make a

positive difference in their communities and environments. In the first edition, held in 2023, the focus was on empowering young people with initiatives that had a positive impact on ecosystem services and biodiversity. Of the 24 nominees, the winner was Ángela Ortiz of Ecuador, founder of Micelium Pop, a venture that produces

edible mushrooms. Ashley Lashley of Barbados received an honorable mention for The Ashley Lashley Foundation, created to raise awareness about social, environmental, and global health issues. This year, the second edition centered on leadership based on social entrepreneurship through the use of business

strategies to generate a positive impact on society and the environment. Thirty applications were received from 12 countries, and the winner was José Adolfo Quisocala of Peru. In addition, two young people received honorable mentions: Nicholas Kee of Jamaica and Kerri-Ann Bovell of Barbados.



Nicholas Kee (left), from Jamaica, who received an honorable mention; Sergio Díaz-Granados, CAF's executive president; José Quisocala; Enrique García, former CAF president; and Kerri-Ann Bovell, who also received an honorable mention. → Photo - CAF

rector of Institutional Development and Training, during the awards ceremony: 'Once CAF, always CAF.' And it's been that way, they've included me in other events and projects ever since."

It Was Never Just a Child's Game

In the beginning, José recalls, when he spoke about his project,

many adults saw it merely as a child's game, but for him, it never was. It's a life project, a mission that evolved into a social enterprise which now benefits more than 17,000 clients in Arequipa and collects 60 tons of solid waste per month for proper recycling.

Today, the bank offers financial products such as a Visa card that

allows clients to make purchases in stores and withdraw money from ATMs, and an app that enables transactions with other banks. José is currently working to develop *Eco-ATMs*, where users can deposit plastic bottles and have the weight of the material instantly converted into money in their accounts.

“Even people who aren’t clients could deposit bottles and have the money go toward supporting social initiatives for children and young people.”

One day, José began working so that other children wouldn’t have to work, just as someone once told him. “I left behind my childhood, traded toys for books, finance, training sessions, talks, and travel. But I have no regrets, my project is like my first child. It allows me to support families and children, and I love that.”

Thanks to the bank, José says, many families were able to generate income during the pandemic. “It’s also become a tool to help children think about saving for their future. When many lose hope, we teach them that progress is possible through saving.”

Users can choose between *mobile saving*, which gives them access to funds via the card, or the *Savings for a Dream Plan*, which requires reaching a goal. “The first goal is always a book; the second, a piece of clothing; the third, an electronic device. From the fourth goal onward, they can choose freely, but it must always be something bigger. We already have users saving for university, a car, or even an apartment. Saving opens their minds to the idea that achieving their goals is possible, that it all depends on them.”

Any child, teenager, or young person can access the bank’s services. The only requirement is to complete a free, mandatory training on financial and environmental education. “We can’t tell them to recycle if they don’t have a recycling culture or understand why it matters and how it helps the environment.”

Users can bring in plastic, paper, cardboard, cans, Tetra Pak, and soon, glass. “We weigh the material, determine its value, and transfer the money to their card. Then we sell the collected materials to recycling companies.”

José now has a bigger dream: to expand his bank. “It’s a beautiful project that I’d like to replicate in other countries, but first across all of Peru. What we need to grow are children and poor solid-waste management, and that exists everywhere. I’ve had offers to replicate it in Mexico, Colombia, and Ecuador, but we need capital to scale.”

For him, social banking is the future. “We have to think of our clients more as human beings, as families with stories. They’re more than numbers. That’s the difference.”

He also wants to go to university, but not to study finance. His thing is the social sphere, helping others. Among his short-term goals, he says, is to study Social Communication in some European country. “Passion doesn’t change. My passion wasn’t to create a bank. It was, and will be, to help people. The bank was a means to do that, but there can be other means to achieve it.” ❧

17,000

CLIENTS IN AREQUIPA
CURRENTLY BENEFIT
FROM THE ECO BANK
LED BY QUISOCALA. IT
COLLECTS 60 METRIC
TONS OF SOLID WASTE
PER MONTH FOR PROPER
RECYCLING.



NICHOLAS AND HIS REGENERATIVE OCEAN FARMING

Nicholas Kee, 30, is a Jamaican entrepreneur and activist focused on aquaculture –controlled cultivation of aquatic organisms (fish, shellfish, mollusks, and plants)– to restore marine ecosystems.

Through Kee Farms, founded in 2020, he develops innovative models of regenerative ocean farming. He also runs a nonprofit, the Kee Farms Foundation, to promote the adoption of regenerative agricultural practices, public education, and environmental justice advocacy.

His approach includes cultivating seaweed and oysters for carbon capture, harvesting sargassum for sustainable products, creating algae-derived products, and integrating biodiversity data into climate models.



KERRI TURNS SARGASSUM AND AGRICULTURAL WASTE INTO VALUE

Kerri-Ann Bovell, 27, born in Barbados, founded EcoMyco in 2019 to address two major problems: pollution from sargassum and biological waste, and the plastics crisis in the Caribbean.

At EcoMyco, sargassum and agricultural waste, such as cassava peels, are transformed into two types of biodegradable materials used in the agriculture, cosmetics, and furniture industries.

EcoMyco is currently generating revenue and saving foreign exchange by reducing the use of fertilizers.

SOCIAL DEVELOPMENT

By VD Editorial Team

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With Women

IN PURSUIT OF EQUALITY AND AUTONOMY

Gender-based violence and teenage pregnancy drain up to 6.5% of GDP in some Latin American and Caribbean countries, condemning millions to the cycle of poverty. The region must turn this multi-billion-dollar toll into an investment in women's economic, physical, and political autonomy.



Although progress has been made, women continue to receive lower pay than men for the same work in many sectors.

→ Photo - Mauricio Moreno /CEET

More than four decades after the first global agreement (1979) to eliminate all forms of discrimination against women, ratified by 189 countries in 1981, significant progress has been made, yet many challenges persist, rooted in structural issues.

The road has been complex. It took 15 years before Latin America and the Caribbean (LAC) committed to preventing, punishing, and eradicating violence against women through the Inter-American Convention of Belém do Pará in 1994. Today, 31 years later, 14 of the 25 countries with the highest rates of gender-based violence are in this region. In 2023, ECLAC reported that 11 women are murdered every day in LAC due to gender-based violence.

LAC is currently the second most unequal region in the world, marked by the feminization of poverty, especially in rural areas, where more than 50% of women face multidimensional poverty, meaning they lack access to education, healthcare,

housing, employment, and basic public services.

At the core of this reality lies gender-based violence, coupled with another structural issue: teenage pregnancy. LAC also ranks second globally in adolescent pregnancy rates. Every year, 1.6 million teenagers give birth in the region, according to the Regional Office for Latin America and the Caribbean of the United Nations Population Fund (UNFPA).

Behind every statistic is a disrupted life story, costing women, the state, and society dearly. For instance, teenage pregnancies in the region lead to annual losses of \$15.3 billion, with 88.2% of that financial burden falling on the young women themselves. They drop out of school, give up future careers, and become trapped in an irreversible cycle of poverty, inequality, and exclusion, often passing it on to their children.

“Fast and effective changes are needed, with a clear lens on equality and a real understanding of how much it costs us as a society to sustain violence against women and their children,” warns María Guadalupe Aguirre, Director of Gender at the Gender, Inclusion and Diversity Department of CAF –Development Bank of Latin America and the Caribbean–.

25%

OF WOMEN IN THE REGION HAVE NO PERSONAL INCOME, COMPARED TO 10% OF MEN IN THE SAME SITUATION, ACCORDING TO CEPAL.



RESEARCHING AND RAISING VISIBILITY

CAF is supporting, accompanying, and leading research efforts and data consolidation to shed light on the issues affecting women in Latin America and the Caribbean, a highly diverse region facing many common challenges.

In Argentina, for instance, efforts are underway to identify the productivity cost of gender-based violence in terms of absenteeism, resignations, low productivity, and other factors, going beyond merely assessing the cost to the State.

CAF is also working to quantify the gaps affecting Afro-descendant and Indigenous women in the region: what they experience, where they are, what they do, and what inequalities they face, areas where data is still lacking.

CAF also supports concrete actions. In the Dominican Republic, it is helping expand integrated women's care centers, which offer a single location for healthcare services, legal and psychological assistance, and support for survivors of violence. “These centers allow women to get health checkups, access information on violence, and learn about opportunities for economic autonomy, especially focused on employability.”

In Panama, in partnership with UNDP, CAF supports a program of ‘Governance and Gender Dialogues’, and in Chile, it is engaged in a cooperation initiative for women in public management, promoting equality and gender perspectives.

A little-known issue, according to CAF, is the existence of systematic political violence against women that remains completely invisible. “It doesn't just come from rivals, other women running in elections, it comes from their own political parties. Their own party members are the ones who perpetrate political violence against women. They block their advancement, don't give them the floor, don't invite them,” says Aguirre.

The Costs

The inequalities women face create conditions conducive to gender-based violence, which manifests as a continuum of situations with multidimensional impacts on physical, sexual, and mental health; employment and the economy; education; and family life.

However, the full impact of domestic violence, especially that inflicted by partners or ex-partners, is not yet fully measured, and each country in the region tells only a partial story, depending on available data and analytical approaches.

CAF reviewed studies dating back to 2014 and found examples like one in Jamaica, which in 2023 estimated the annual cost of domestic violence at \$1 billion, equivalent to 6.5% of GDP. In Ecuador, a 2020 study estimated the national cost at \$4.608 billion, or 4.28% of GDP. In 2014, a study in Peru found that the country lost 70 million workdays per year to violence against women, translating to annual losses of over \$6.7 billion.

Most studies focus on the costs to the State, but there are no region-wide figures on the impact for women, businesses, and society at large, something CAF has identified through research aimed at developing a methodology to measure the real cost of domestic violence against women, particularly from partners and ex-partners.

"This is about breaking down the costs: what is borne by the victim, what by the State, and what by businesses. Understanding and quantifying these costs can also help structure how this issue is addressed and track progress across different areas," explains Aguirre.

That's why, in addition to incorporating a gender perspective into all lending operations and technical support to countries, CAF has strengthened its research efforts to generate specific knowledge, bring visibility to hidden data, and work with an awareness of women's diversity.



KEY PILLARS OF THE STRATEGY

Cross-cutting Pillars

- **Economic autonomy.** Actions that facilitate women's access to financial resources, basic and productive development services, quality job opportunities, the development of care systems, and their participation in strategies for climate change mitigation and adaptation.
- **Physical autonomy.** Focused on strengthening countries' capacity to combat gender-based violence, eradicate femicide, and prevent teenage pregnancy.
- **Decision-making autonomy.** Promotes women's leadership skills, competencies, and their participation in decision-making spaces.

Priority Actions

- **Support** for the definition and implementation of gender policies in member countries, strengthening state capacities and maintaining fluid dialogue with governing authorities on the matter.
- **Mainstreaming** the gender perspective into CAF's operations and external areas of action by strengthening project structuring and management teams.
- **Partnerships and dialogue spaces** to better respond to gender-related challenges.
- **Non-sexist communication** that promotes and shares progress in gender equality achieved by shareholder countries and CAF's contribution to those efforts.



"Swift and effective changes are needed, with a concrete focus on equality, and a real understanding of what it costs us as a society to sustain violence against women and their children."

"We work from an intersectional perspective, because women are not a homogeneous group, we are not all the same, nor do we face the same problems, discrimination, or gaps. Working with an urban white woman is not the same as working with an Indigenous woman, a migrant, or an Afro-descendant woman," Aguirre emphasizes.

The Pursuit of Autonomy

Gender-based violence and teenage pregnancy are top priorities on CAF's agenda. While developing a methodology to measure the overall impact of violence, the bank is already supporting the region in women's education and financial inclusion.

"In terms of economic autonomy, there are enormous gaps in women's participation in the labor market, in generating and controlling their own income, in entrepreneurship, and in supporting women-led businesses," says María Guadalupe Aguirre.



Figures from ECLAC reveal the extent of these gaps: 25% of women in the region have no income of their own, compared to just 10% of men; 21% of women aged 20–24 were married or in a union before the age of 18; and only 35% of seats in national lower houses are held by women.

For CAF, deepening efforts to strengthen women’s decision-making autonomy is essential to closing the gap that excludes them from the spaces where key societal decisions are made. One example is the local level, mayorships and municipal councils, where women hold just 15% of leadership roles. The aim is to ensure women can participate meaningfully, with a real voice.

Grounded in this reality, CAF is implementing an action strategy built around three cross-cutting pillars of autonomy, economic, physical, and decision-making, and four priority areas: support, mainstreaming, partnerships, and non-sexist communication.

It’s a paradigm shift that also involves making women’s stories, data, and key issues more visible. “So we generate specific knowledge on different groups of women to better understand how to be more effective. And finally, we engage in advocacy spaces with our agenda and in partnership with other organizations, across all issues,” Aguirre concludes. 🌸

The inequalities women face create fertile ground for gender-based violence, a constant driver of social mobilization.

→ Photo - Milton Díaz / CEET

MENTORS FOR FUTURE LEADERS

In June, CAF launched the third edition of a program in Paraguay, in collaboration with the Ministry of Economy and Finance and the Office of the First Lady, aimed at providing tools, networks, and knowledge to help more women access and remain in strategic positions within the State. The initiative pairs experienced women in leadership roles with public officials aged 25 to 35 from centralized government agencies in Paraguay. Each participant is matched with a mentor for a personalized process of guidance, support, and feedback over several weeks. The mentorships are structured around flexible in-person or virtual sessions that address work-related challenges, decision-making, gender-focused leadership, and professional growth. As of June, 30 new mentor-mentee pairs have been formed.

CULTURE

By VD Editorial Team

@AgendaCAF



Macondo Has Children Who Write to It

The CAF and Gabo Foundation's contest, which explores the reality of children in Ibero-America and the Caribbean through storytelling, has compiled the 40 winning entries from its first two editions into illustrated anthologies, and has now launched its third edition.

With his pen, Gabriel García Márquez placed the name of a village with universal resonance on the map of imagination. The Colombian writer once said that Macondo was not a place, but “a state of mind that allows you to see what you want to see and see it how you want to.”

More than six decades after the first lines about Macondo were written, the ability to see what one wants, and how one wants, remains intact. This is evident in the stories written by girls and boys between the ages of 10 and 13 who responded to the call of *Macondo sí tiene quien le escriba* (Macondo does have someone to write to it), a contest organized by the Gabo Foundation and CAF –Development Bank of Latin Ameri-

In Aracataca, everything is García Márquez. This sculpture of the writer gave them a beautiful memory. → Photos - CAF



In both editions, the selected girls and boys have visited Gabo's hometown. Here they are at the railway station. ➔ Photos - CAF



ca and the Caribbean—. The initiative aims not only to promote reading and writing, but also to encourage critical thinking and early vocations across Ibero-America and the Caribbean.

Alejandra Claros, CAF's Secretary General, explained that this initiative is, in part, a response to a concerning reality: four out of five children in the region lack reading comprehension skills. According to a World Bank report, 70% of children in low- and middle-income countries cannot read and understand a simple text. In Latin America and the Caribbean (LAC), that figure rises to 80%.

One of the underlying causes is the significant disparity in access to books and reading materials between urban and rural areas, as well as across different socioeconomic levels. Moreover, investment in educational infrastructure, including libraries and learning resources, remains insufficient in many countries in the region.

"Young people entering university have serious reading comprehension difficulties, and through this contest we seek to foster that skill, along with creativity, among the youngest members of our communities. Reading and writing are incredibly powerful tools for helping children develop critical thinking from an early age," Claros said.

Heroes and Identity

The first edition of the contest, launched in 2023, revolved around the theme *"Our Heroes and Heroines."* Participants wrote stories that highlighted the bravery and contributions of individuals who have made a meaningful impact on their communities. Children and young people from 21 countries submitted a total of 2,005 stories. After a selection process involving three

rounds, in March 2024, the jury, made up of Juan Villoro (Mexico), Yolanda Reyes (Colombia), and Fernando Vicario (Spain), chose 20 winning entries, including five from Mexico, four from Argentina, three from Spain, three from Colombia, two from Venezuela, and one each from Ecuador, El Salvador, and the Dominican Republic.

As part of the prize, the young authors traveled to Cartagena de Indias to participate in an unforgettable experience: a journey through Colombia's Caribbean coast, tracing the footsteps of García Márquez's life and work, from Cartagena to Barranquilla, Santa Marta, and even his hometown of Aracataca, where the seed of Macondo was first planted.

Frida Hernández Martínez, 11, for example, wrote *"Mexicana en las estrellas"* (A Mexican Among the Stars), a tribute to Katya Echazarreta, the first woman born in Mexico to travel to space. Thanks to her story, Frida boarded a plane for the first time, flying from Tlaxcala to the Colombian Caribbean.

Bautista Anzorena, an 11-year-old from Argentina, wrote a story about the *"supermegafantástico"* things that happen in "the land of alfajores" and the early legends of women's football. And in *"Héroe de capa blanca"* (Hero in a White Cape), Angelina Marrugo, 11, told the story of an ordinary doctor in Cartagena during the COVID-19 pandemic.

The selected works were compiled into a literary anthology, illustrated by ten Ibero-American artists whose drawings were inspired by the stories. The anthology is distributed freely by the Gabo Foundation and CAF.

The second edition of the contest focused on the theme *"Our Identity and the Pride of Who We Are,"* aimed at highlighting and promoting the identity and culture of the peoples of Ibero-America and the Caribbean. A total of 2,021 complete submissions were received from 19 countries in the region, more than half of them from girls. The stories of the 20 new winners have also been compiled into an illustrated anthology.

Reading these stories offers a window into the diverse worlds of childhood, Claros emphasized. "The nature of the contest reflects the reality of each child in Latin America and the Caribbean. The stories reveal how they see their surroundings and how they understand themselves within them, what they perceive from such a young age."

Note: Those interested in participating in the third edition of *"Macondo Does Have Someone to Write to It"* can visit the following website for the contest rules and to submit any questions. Registration will remain open until November 28, 2025: <https://especiales.fundaciongabo.org/concurso-de-relatos-macondo-si-tiene-quien-le-escriba-2025/> 🌟

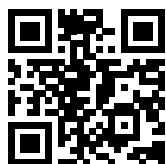
BOOKS

By VD Editorial Team

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Publications



This section features both works published entirely by CAF and others produced in collaboration with various institutions or key stakeholders. Access code above.



BORDER CROSSINGS: STRATEGIC NODES



Title: Infrastructure in the Development of Latin America and the Caribbean. Land Border Crossings as Spaces for Regional Integration and Development.

Authors: Directorate of Sectoral Analysis – Knowledge Management – CAF – Development Bank of Latin America and the Caribbean.

This report analyzes how land border crossings in Latin America and the Caribbean (LAC) serve as strategic nodes for regional integration and development, focusing on three key dynamics: the trade of goods, the mobility of people, and the development of border urban areas.

These crossings are essential for intraregional trade, almost half of such trade in South America moves through them. However, customs procedures, inadequate infrastructure, and regulatory heterogeneity cause delays and high logistics costs. These points also facilitate daily flows of people for work, education, supply, migration, or tourism. While these movements have increased, they require efficient controls, adequate services, and institutional coordination to ensure safety and dignity.

Local economies based on services, trade, and logistics tend to develop in border urban areas. Although they stimulate development, they also face issues such as informality,

inequality, and illegal economies. Territorial planning and binational cooperation are key to unlocking their potential.

The report concludes that these areas should be viewed as nodes of productive and social integration. It recommends strengthening physical and digital infrastructure, improving institutional coordination, and promoting their sustainable development.

50%
OF INTRAREGIONAL
TRADE IN SOUTH
AMERICA TAKES PLACE
VIA LAND ROUTES.
THESE ARE HIGHLY
DYNAMIC BORDERS
FACING COMPLEX
CHALLENGES.



OCEAN RESOURCES

Title: *Sustainable Blue Economy Strategy.*

Authors: Nearco Colombia, Diego Beamonte, Ángel Colomina, Lina Echeverri, Eunice Nández, Armando Rosero.

CAF -Development Bank of Latin America and the Caribbean- presents its Sustainable Blue Economy Strategy as a roadmap for positioning the region as a global leader in the sustainable use of the ocean as a driver of development, climate resilience, and human well-being. While the region holds a strategic position, it faces structural challenges such as ecosystem degradation, institutional fragmentation, and limited investment in marine-coastal value chains.

The strategy sets its sights on 2030 and is built around innovation, knowledge, and financing. CAF has doubled its financial commitment, allocating \$2.5 billion through 2030. Its objectives focus on five key pillars: restoration of critical ecosystems; promotion of ocean-based renewable energy; sustainable fishing and aquaculture to enhance food security; generation of employment and innovation in coastal communities; and strengthened resilience to climate change.

The document emphasizes that the ocean must be seen not only as a resource, but also as a space for life, innovation, and justice. The strategy calls on all stakeholders to join efforts in building a shared blue agenda.

COMPREHENSIVE RURAL APPROACH

Title: *Agricultural Prosperity.*

Authors: CAF -Development Bank of Latin America and the Caribbean-.

Latin America and the Caribbean (LAC) produces food for more than 1.3 billion people and is the world's leading net food exporter. However, the region faces major challenges: the impacts of climate change, rural inequality, lack of infrastructure investment, ecosystem pressure, and limited market access. LAC has the potential to become a key provider of solutions to global food and environmental challenges, which will require promoting sustainable, resilient, and regenerative agricultural production.

CAF's *Agricultural Prosperity Strategy* proposes a comprehensive approach that combines ecosystem preservation with productive innovation and rural well-being. Its pillars include: (i) prosperity and rural development, (ii) food and nutritional security, (iii) sustainable and regenerative production, (iv) enabling infrastructure, (v) regional integration and markets, (vi) private investment and financial services, (vii) innovative sustainable financing, and (viii) institutional and public policy strengthening.

CAF will mobilize financing, technical assistance, and knowledge generation in partnership with international organizations and local stakeholders. Targets are set for 2026 and 2030, with projected investments of up to \$8.5 billion.

A GREENER BANK

Title: *2024 Sustainability Report.*

Authors: CAF -Development Bank of Latin America and the Caribbean-.

In 2024, CAF solidified its role as the green and sustainable development bank of Latin America and the Caribbean (LAC). A total of 41% of its financing was allocated to green projects, surpassing its 2026 target two years ahead of schedule. Overall, it mobilized more than \$15.7 billion for initiatives that strengthen equity, productivity, and regional resilience.

Key management actions included support for energy transition, water security, health, education, and sustainable infrastructure projects, all aligned with the Sustainable Development Goals (SDGs). CAF also amplified the region's voice in global forums such as COP16 and COP29, reaffirming its commitment to the climate and biodiversity agenda.

Over 7 million people benefited from social, nutrition, and inclusion programs. The bank also expanded support for territorial development, nature-based solutions focused on vulnerable communities, and regional integration through connectivity and resilient value chains. The report highlights a decade of sustained progress by CAF. 🌿

INTERVIEW

with André Corrêa do Lago

By Ricardo Ávila

Director of *Visions for Development*



“Latin America and the Caribbean is a Collection of Climate Solutions that Must Be Harnessed”



André Corrêa do Lago has served as Brazil's chief negotiator at several international climate events. → Photo - COP30



André Corrêa do Lago, president of COP30 in Belém do Pará, Brazil, shares his expectations for this global summit, where the results of the Paris Agreement, now 10 years old, will be assessed.

The leadership of the thirtieth Conference of the Parties on Climate Change (COP30) is in the hands of Brazilian economist and expert environmental negotiator André Aranha Corrêa do Lago, who has an extensive background as a diplomat and as Brazil's lead negotiator in various climate forums.

Corrêa do Lago, a firm believer in the value of multilateralism, hopes the November summit in the Amazonian city of Belém do Pará will show the world the achievements of the Paris Agreement signed a decade ago, and help begin to address persistent gaps, such as the limited access to financing under favorable conditions for developing countries to fight climate change.



“We’ve seen major progress in countries that adjusted their economies to fight climate change, but this hasn’t been the reality for most developing countries, because financing for them to address climate change remains very expensive.”



Another of his expectations is that this COP will help raise awareness that all responses to climate change are linked to the economy, which must “provide logic to what we call a just transition,” he says.

He also believes that Latin America and the Caribbean (LAC) has much to contribute to this effort, as it is in itself a “collection of climate solutions that must be properly harnessed” and could enter a new climate-aware economy “in a better position than almost any other region of the world.”

What are your expectations for this summit in your country, which could be described as historic?

It is essential to show results on multiple fronts, because COPs generate high expectations from states, the private sector, civil society, subnational governments, and others. There are many actors now involved in negotiation and implementation. The COP has a strong societal impact and generates great interest across many different sectors. So, we hope to show them, and the world, what has been achieved over the course of the COPs, especially since the Paris Agreement, which turns ten this year.

Another important aspect is the awareness that all the solutions we need to address climate change are related to the economy. It is the economy that will give coherence to what we call a just transition, stimulate the development of technologies, and demonstrate that a project that takes climate change into account can support development, growth, and job creation.

What would you say are the bright spots and shortcomings in what has taken place over these years, especially the last ten, since the Paris Agreement was reached?

When we were negotiating that agreement, science projected that

global warming would surpass 4 degrees Celsius. Thanks to the progress made in recent years, that figure now stands at 2.7 degrees. We are now waiting for the new NDCs (Nationally Determined Contributions) to see if that number can come down further. We would like to see a much larger reduction, or at least something close to narrowing the gap between where we are and the 1.5-degree target. The Paris Agreement has worked in the sense that it has significantly lowered the projected increase in temperature.

And where have the shortcomings been?

The downside is that these changes have not reached as many countries as they should have. We are seeing tremendous progress in countries that have aligned their economies with the fight against climate change, but this has not been the case for most developing countries, because financing for them to combat climate change remains very expensive.

Do wealthy countries need to provide more resources?

Clearly, there is an issue with the financial resources flowing from wealthy countries to developing ones, especially to those without access to capital on attractive terms. Some countries need international assistance, but it's also important to remember that many middle-income countries, like Brazil, Argentina, India, or Indonesia, could do much more if they had access to resources. They have done a lot, but with their own resources, not with international support or major foreign investment. These are issues we need to improve, because there is extraordinary potential in the developing world to fight climate change.

One element that would have been difficult to predict a few years ago is the stance of some



major powers, particularly the United States, and other mid-sized countries that seem to have distanced themselves from the climate challenge. What's your take on this?

What we're witnessing is quite curious. A country like China, which just a few years ago was seen as reluctant to invest in major climate-related projects, is now leading in several technologies and actions to fight climate change: solar energy, wind energy, batteries, electric cars. Today, China is, without a doubt, the global leader in this area.

In contrast, the new U.S. government has taken a surprising stance for many economic stakeholders, choosing to maintain dependence on economic instruments that many view as outdated. Now, two years after the world agreed in Dubai on the now-famous phrase "transition

away from fossil fuels," we're seeing the world's largest economy moving backwards.

Could this mark a global setback in decarbonization?

We're at a somewhat surprising moment, with the world's two largest economies pointing in opposite directions, and the rest of the world caught in between. However, at the recent United Nations General Assembly, it was clear that the vast majority of countries believe more strongly in the path of decarbonization.

In recent times, energy demand has surged, especially due to artificial intelligence. This has led to the argument that we don't need so much an energy transition as we need energy addition, because all sources are

needed. Now the idea of quickly phasing out certain fossil fuels seems delayed by several years. How do you see this issue?

There's certainly a much greater increase in energy demand than previously anticipated, especially before the AI boom. Several analyses show that the significant growth of renewable energy is contributing more as an addition to existing energy rather than as a replacement.

} The COP30 President visited several continents ahead of the climate summit to discuss key topics on the global agenda. → Photo - COP 30

This issue demands a reassessment of what the future of energy will look like globally. But this rising demand also creates an exceptional market for new energy sources. How long will it take to reduce traditional energy consumption? That's a very important question, and a new dimension of the challenge.

Brazil, for instance, has undeniable leadership in new energy sources, but at the same time, it is expanding its fossil fuel production. Some say this is a contradiction. How can this situation be explained?

What's happening in Brazil is similar to what many countries are facing when defining what the transition means. In principle, the transition ends with "net zero emissions," which Brazil, for example, has committed to achieving by 2050. But each country is choosing a different path depending on its capabilities. It's true that Brazil holds a unique position because, having little coal, it invested heavily in hydropower. This was very positive for our electricity mix, which is now 90% renewable. However, as we know, hydropower has also begun to suffer from climate change, due to changes in rainfall patterns affecting water reserves. For this reason, Brazil has opened significant space for the growth not only of solar and wind energy but also of bioenergy, through the production of ethanol and other biofuels made from waste.

So, has Brazil chosen to move forward on several fronts?

Yes, it's moving in several directions, but the reality is that it has high potential to significantly grow its renewable energy production. As a result, it is positioning itself as an attractive destination for energy-intensive investments, such as artificial intelligence. In our case, the transition is not about reducing fossil fuels, but rather increasing renewable energy. The main debate in Brazil is how

to boost production at competitive prices to attract investment.

A phrase often repeated in these discussions is that Latin America and the Caribbean is much more part of the solution than of the problem. Do you agree with that view?

Absolutely, especially if we manage to overcome some key obstacles. Brazil has a major one: emissions from deforestation, which, when President Lula took office, accounted for nearly 50% of the country's total greenhouse gas (GHG) emissions. A significant reduction has been achieved, but the effort must continue. The president has made an international commitment to end deforestation in Brazil before 2030. In other countries, there are other major issues related to emissions that can be addressed using proven technologies—there are examples of how to do it. Uruguay, in just eight years, managed to make its electricity mix 99% renewable.

The region's contribution in certain critical minerals has also been mentioned...

Yes, Latin America and the Caribbean has tremendous potential in minerals, not only for batteries

(like lithium), which is extremely important, but also for other technologies and for hydrogen. If the region develops its renewable energy capacity and its ability to restore forests, it can become a global example. In Brazil, we have extraordinary potential to use degraded lands for reforestation, and other countries in the region do as well. That's why Latin America truly is a collection of climate solutions that must be fully leveraged.

Is Brazil setting a precedent for the region?

In a large country like Brazil, the north is much more connected to Colombia, Peru, and other Amazonian countries, while the south shares characteristics with Uruguay and Argentina, and the northeast has almost desert-like conditions. Brazil is proof that we need to talk about energy *transitions*, not *the* transition as if there were a one-size-fits-all model. The same applies between countries: they are very different cases that call for different solutions.

That example from Brazil you mention also gives the impression that, alongside the risk of crisis, there's an opportunity to be seized. Is that a fair assessment?

It is. In the beginning, the issue of climate change was received with great concern in Latin American and Caribbean countries. We thought: "My God, we still need more education, more healthcare, more infrastructure, more housing for our people, and now we also have to do all of this sustainably and with climate change in mind." So at first, it seemed like an agenda of additional burdens. Now, with new technologies, practices, and the examples we've seen, we realize, for instance, that renewables generate, on average, three times more employment than the oil industry. We also have an extraordinary opportunity to use wind when rainfall is low, creating



"The Paris Agreement has worked because it has significantly lowered the expected rise in global temperature."



According to Corrêa do Lago, the economy and technological advances will be key in shaping the conditions for the energy transition. → Photo - COP30

the perfect balance between hydropower and wind energy.

Is Latin America and the Caribbean ready to seize that opportunity?

We are learning a lot, and if the region integrates into this new economy that factors in the climate dimension, it will be in a better position than practically the rest of the planet.

When analyzing a complex issue like this and looking toward the future, there's always a

tension between what the head says and what the heart says. In that blend, what do yours say?

If we could blend them, it would be wonderful, but we have to make choices. In almost all of our countries, we have many options, and we must make very serious political decisions. Every national decision about energy implies a 40-year investment and has massive implications. In Brazil, for example, we're debating nuclear energy, which currently makes up about 5% or 6% of our mix, but there are plans to increase it. On this, the government

is divided, as are society and the world in general. From an economic standpoint, building a nuclear plant is extremely expensive to begin with, and then you're locked into using that energy for 40 or 50 years. By contrast, solar energy has a much lower upfront investment, far fewer safety concerns, much shorter implementation time, and many years ahead of low costs.

So, do you think nuclear energy is not a viable option for the region?

I believe we need to convince our societies, because we are democracies, why we are heading in one direction or another. But we must be aware that every energy decision we make today will have consequences for generations to come. That's why we need to bring people information, data, costs, and long-term decision-making.

Would you describe yourself as optimistic? Moderately optimistic? How do you see the future when it comes to climate change?

I'm Brazilian. I think if I'm not optimistic, they'll take away my passport. I'm required to be optimistic. I've tried to convince my children that if my generation saw Brazil win four World Cups (when we got the first of five, I wasn't even born), we have to stay optimistic, even if their generation hasn't seen Brazil win any. In Brazil, anything is possible. 🌟

GREEN REGION

By VD Editorial Team

@AgendaCAF



The Páramos

Natural 'Water Factories'
on Which The Supply of
over 85 Million People
in the Region Depends.



The natural wealth of Latin America and the Caribbean is embodied in a wide array of interconnected transnational ecosystems. Among them are the páramos, high-altitude neotropical wetlands that characterize the northern Andes. These ecosystems lie between the upper forest limit, around 3,500 meters above sea level, and 5,000 meters, where glaciers begin. Páramos are home to a great number of endemic species and boast extremely high biodiversity. They span more than 2.5 million square kilometers and supply water to nearly 85 million people. Cities like Bogotá and Quito depend on them. However, these ecosystems are ecologically fragile and increasingly at risk due to climate change and human activity. In line with its ecosystem-based approach, CAF –Development Bank of Latin America and the Caribbean– considers páramos a conservation priority.

Cajas National Park, Ecuador.

→ Photo - Irina Inga / Unsplash

International Economic Forum **LATIN AMERICA AND THE CARIBBEAN 2026**

How to position the region on the global stage?

JANUARY 28 AND 29
PANAMA CITY

Presidents Luiz Inácio Lula da Silva of Brazil and José Raúl Mulino of Panama, together with other government authorities, multilateral leaders, business executives, investors, and opinion shapers, will discuss the challenges and opportunities for Latin America and the Caribbean, aiming to build consensus, forge strategic alliances, and promote coordinated action.

The event
shaping
Latin America
and the
Caribbean's
voice to
the world.

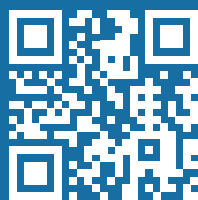
KEY THEMES:

• Trade • Energy Transition • Digitalization
• Innovation • Sustainability



“Visions for Development
is a response to the need to
reposition Latin America and the
Caribbean in the world. We invite academics,
social leaders, businesspeople,
and the entire international community
to join this initiative, contributing their
perspectives and knowledge to build
together a more prosperous future for
Latin America and the Caribbean”.

Sergio Díaz-Granados
Executive President of CAF



DEVELOPMENT BANK
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AND THE CARIBBEAN**

