

**Input for the 2025 High-level Political Forum
The Inter-American Development Bank Group (IDB)**

Your assessment of the impacts of the multiple and interconnected crises on the implementation of SDGs 3, 5, 8, 14 and 17.

The below excerpt from Section 2 of the IDB Group Institutional Strategy provides relevant insight on this point.

“Latin American and Caribbean (LAC) countries have vibrant diversity and economic potential but face persistent social, economic, and development challenges. With more than 652 million people, the region is home to 8.2 percent of the world’s population (ECLAC 2023a) and accounts for 6.4 percent of global GDP. It also contains more than 40 percent of the earth’s biodiversity and is home to 57 percent of the world’s remaining primary forests, including one-fourth of the planet’s mangroves. Furthermore, the region is the world’s largest food exporter, producing 40 percent of globally traded food and possesses almost 60 percent of global lithium reserves, which are fundamental for a clean energy transition. Latin American and Caribbean could be at an inflection point, as it is perceived as part of the solution to key global challenges, such as climate change, biodiversity loss, and food insecurity, leveraging its abundant natural and human capital. This represents an enormous potential opportunity, but it needs to be seized using the right approach and policies.

The Latin American and Caribbean region is facing a triple challenge of increasing social demands, limited fiscal resources, and slow growth that are mutually reinforcing and that compound one another. This context is further exacerbated by low institutional capacity, persistent poverty and inequality, and increasing violence and insecurity associated with weak rule of law. Global challenges, such as climate change, global supply chain shocks, pandemic risks, and migratory pressures also exert strain on governments and society. Exogenous shocks have become more frequent and intense and are evolving into simultaneous crises that result in setbacks to welfare. Development progress in many areas has come to a standstill, with the region falling short in advancing towards most of the SDGs.

Three key areas where sustainable, inclusive, science-and evidence-based solutions for achieving the SDGs and leaving no one behind are being effectively delivered, especially related to the cluster of SDGs under review in 2025, also bearing in mind the three dimensions of sustainable development and the interlinkages across the Goals and targets.

The IDB Group Institutional Strategy approved in 2024 includes three core objectives.

IDB Group is committed to increasing the region’s long-term growth, by investing in infrastructure, empowering the private sector to drive productivity and innovation, and enhancing regional integration.

IDB Group is devoted to eradicating extreme poverty and investing in human capital – from education to food security and health to gender equality.

IDB Group is dedicated to combating and adapting to climate change, including by safeguarding the Amazon, curbing emissions and preserving biodiversity, while strengthening resilience to natural disasters and other shocks.

OBJECTIVE 1: Despite notable progress in economic, social, and institutional dimensions, LAC has experienced weak growth for over half a century, with more negative growth periods than comparable economies. Overcoming low growth is, therefore, one of the main strategic goals for the region in the coming decades. Without growth, it will be impossible to find the resources to address climate change and satisfy demands for better social services. To help countries – and the private sector – grow sustainably with more innovation and technology, this strategic approach document proposes that the IDB Group operate on three main pillars.

OBJECTIVE 2: The IDBG approach to Reducing Poverty and Inequality reflects the significant impact of poverty on inequality, the multidimensionality of poverty, and the implications of vulnerability. Raising the incomes of the poor will have a significant impact on inequality. However, more must be done to understand and address inequality driven by the unusually high income share of the wealthiest citizens.

OBJECTIVE 3: To help countries address climate change and environmental degradation – while spurring poverty reduction and more private-sector led growth – the IDBG will advance on three main pillars, focusing on key drivers and policy and finance levers.

Three examples of measures to accelerate progress towards SDGs through well-coordinated actions in key transitions to bring progress to scale (food security, energy access and affordability, digital connectivity, education, jobs and social protection, climate change, biodiversity loss and pollution), building on interlinkages between SDGs to ensure cohesive progress.

The IDB Group recognizes its three core objectives of reducing poverty and equality, addressing climate change, and bolstering sustainable regional growth as interconnected and mutually reinforcing. Below are some examples of key areas of work prioritized by the IDB as operational areas of focus to address its three core objectives and accelerate progress on the SDGs. For more information, see IDBStrategy+.

- Productive development and innovation through the private sector. Latin America and the Caribbean's productivity lag exacerbates its struggle to close its per capita GDP gap with other regions. To change this, the IDB Group is prioritizing support for a more dynamic, competitive business environment. Leveraging synergies, the IDB Group will align interventions to address market failures, emphasizing the need to promote human capital development, improve financial markets, facilitate trade and investment, and bolster infrastructure.
- Sustainable, resilient, and inclusive infrastructure. In a region grappling with a substantial

infrastructure deficit, the Group is promoting investment in energy, transportation, water, sanitation, and social and digital infrastructure and services. The IDB Group's commitment encompasses a multifaceted approach to bridge knowledge gaps, promote sustainability, foster digital infrastructure, improve governance, and increase private sector participation.

- Institutional capacity, rule of law, and citizen security. The IDB Group is addressing institutional development in two ways. First, as a foundational condition for inclusive and sustainable development, especially in a natural resource rich region. To drive results in this area, the IDB Group will strengthen public policy and management, support transparency and integrity, contribute to improved citizen security and justice, support digital transformation of the public sector, and support the ecosystem for entrepreneurship, investment, and private sector development.

Follow-up actions and measures being undertaken by your intergovernmental body or forum to support implementation of the 2023 SDG Summit Political Declaration and the outcomes of the 2024 Summit of the Future, to advance the implementation of the 2030 Agenda for Sustainable Development.

The IDB Group is committed to supporting countries in accelerating development progress. The IDB tracks its contributions to development using each project's expected results to identify potential contributions during project design.

In addition, under IDBStrategy+, the IDB reformed its development effectiveness framework and tools to increase the impact of its interventions. This reform aims to improve the development effectiveness of its engagement through better quality operations. This means embedding development effectiveness into country dialogues, operations, and organizational culture to enhance impact and scale. It also means incentivizing evidence-based decision-making and learning to promote concrete results at the project, portfolio, and organization levels while strengthening accountability.

All these reforms, initiatives and actions are being implemented in close coordination, collaboration and dialogue with sister MDBs, which are undertaking similar measures. Working as a system is a key mandate of MDB shareholders, stakeholders and global financial governance fora such as the G7, the G20, the Global Partnership for Effective Development Cooperation (GPEDC) and the United Nations. In this sense, throughout 2024, the IDB led an unprecedented effort to bring global institutions together in our role as the Chair of the Group of Heads of 10 major MDBs and the IMF. One of its key achievements as MDBs in 2024 was the publication of the "Viewpoint Note: Working as a System for Impact and Scale", a joint action plan.

Under the IDB chairmanship of the MDBs and IMF Heads Group, the MDB system increased its collective lending capacity by US\$400 billion, launched a digital collaborative co-financing portal to improve on-the-ground coordination, signed more MDB mutual reliance agreements, and advanced the concept of country-led platforms, among other key deliverables.

Recommendations and key messages to be considered for inclusion in the Ministerial Declaration of the 2025 HLPF.

One important consideration is the critical role of multilateral development banks in fostering effective and sustainable development. This includes supporting the enabling conditions for the private sector to increase investments at scale by helping improve the policy framework and business environment. It also includes using financial innovations to mobilize more private capital for investments in resiliency, including debt for development swaps, catastrophe swaps, and hedging solutions, among others.

On SDG 3, highlight importance of strengthening health systems in coordination with specialized agencies and other MDBs as an integral part of pandemic preparedness work and beyond.

On SDG 5, emphasize the importance of supporting women and other under-represented groups in leadership positions and decision-making at multiple levels and sectors.

On SDG 8, pay particular attention to tackle the costs of energy transition policies and processes, by supporting active labor policies and upskilling and reskilling for the low-carbon jobs of the future to facilitate energy access that maximizes benefits and offsets costs, considers opportunities for selected extractive industries (e.g., lithium), and enables participation from affected parties.

On SDG 14, focus to conserve, restore, and sustainably manage terrestrial and aquatic ecosystems and reduce biodiversity loss. Given many of LAC economies' heavy reliance on natural capital, it is imperative to assure economic growth with environmental preservation and restoration.

On SDG 17, note importance of harnessing strategic partnerships and resource mobilization to bring client-centric solutions. The increased use of public-private partnerships can also be an important instrument to reduce infrastructure gaps.