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FINANCING AND ENVIRONMENTAL PROTECTION



ARTICLE

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ARTICLE

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Message from the President



In addition to the structural factors influencing the region's development, global challenges are further tightening financial conditions and constraining economic growth. Reduced international liquidity, rising interest rates and bond yields, and higher public debt servicing costs are increasing financing costs and reducing the resources available for development, potentially limiting the ability of development banks to fulfill their mandate.

Latin America and the Caribbean also face the challenge of moving toward more productive, resilient, and sustainable economies in a context marked by growing climate risks, infrastructure needs, financing gaps, and increasing demands for the protection of natural resources.

In this context, development banks must strengthen their capacity to provide long-term financing, guarantees, technical assistance, and other instruments that mobilize public and private investment, while adopting new technologies to support these efforts. They must also balance economic, social, and environmental objectives and address the needs of sectors where private financing remains insufficient.

These priorities are reflected in the ALIDE-Banco Provincia Internship Program on Digital Innovation and Smart Banking for Development, as well as in the upcoming forums organized by ALIDE to promote analysis and the exchange of knowledge and experiences. These include the Fifth Meeting of Chief Economists of Development Banks and forums on sustainable financing opportunities and social, environmental, and climate risks. These initiatives seek to explore how development banks are anticipating ongoing transformations and developing the instruments and capabilities needed to address the challenges of more inclusive, resilient, and sustainable development.

In line with this approach, this edition of Banca & Desarrollo magazine presents various experiences of development banks that are integrating sustainability and resilience into their financial instruments, decision-making processes, and areas of operation.

The analysis examines financing for resilient infrastructure in Latin America and the Caribbean, highlighting the importance of combining financial instruments with information, technical assistance, and mechanisms designed to address different stages of risk. This perspective is complemented by the experience of the Blooming Roots Fund, established by Banco de Desarrollo Empresarial de Colombia S. A. (Bancóldex) to support the recovery of the business sector in areas affected by natural disasters.

Another key aspect is the integration of sustainability criteria into financing decisions. The French Development Agency's (AFD) Sustainable Development Analysis and Appraisal Mechanism illustrates how these criteria can directly contribute to the design of operations and their expected impacts.

This edition also explores the role of development banks in strengthening women's economic autonomy, promoting the growth of small businesses, and generating employment and income. The experiences of the National Guarantee Fund (FNG) of Corporación Financiera Nacional (CFN), Ecuador, and the Amazônia Pra Elas initiative of Banco da Amazônia (BASA), Brazil, highlight the importance of combining financial and non-financial instruments to address these gaps.

Finally, the magazine turns its attention to technological transformation and the opportunities offered by artificial intelligence to advance financial inclusion, improve credit assessment, and deliver services more efficiently.

We hope that the experiences and insights presented in this edition will contribute to knowledge sharing among our institutions and help identify new opportunities for action and cooperation.

Sincerely,

Juan Cuattromo
President of ALIDE



Resilient Infrastructure in LAC: Financing the Response to Disaster Risk

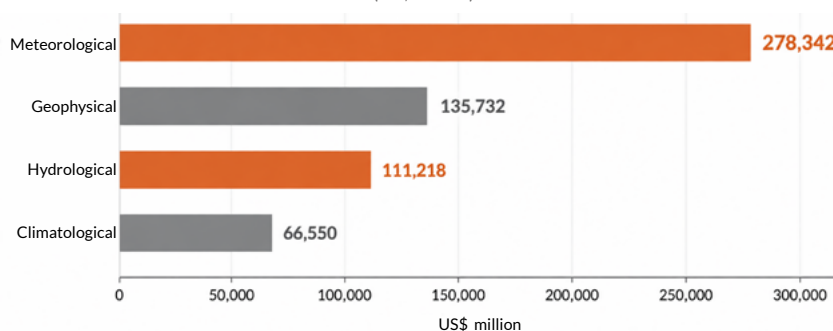
Building infrastructure resilience requires action before, during, and after disasters through prevention, preparedness, continuity of critical services, and reconstruction that reduces vulnerability. Development finance institutions (DFIs) contribute long-term financing, guarantees, information, technical assistance, and other instruments tailored to each stage of disaster risk.



FROM DISASTER RISK TO RESILIENT INFRASTRUCTURE

In 2024, Latin America and the Caribbean (LAC) recorded 82 hazardous events and disasters, directly affecting more than 12 million people, causing over 800 deaths, and generating US\$21,777 million in damage and economic losses. Between 1970 and 2024, cumulative economic costs reached US\$591,842 million (ECLAC, 2026). Of this total, meteorological hazards ac-

Figure n.º 1. Latin America and the Caribbean: Cumulative Economic Cost of Disasters by Type, 1970–2024 (US\$ million)



Source: ECLAC, Statistical Yearbook for Latin America and the Caribbean 2025, based on EM-DAT.

Table n.º 1. Functions of Resilient Infrastructure in Disaster Risk Management

Function	Infrastructure and assets	Purpose	Reference magnitude
Prevention and protection	Drainage, flood defenses, water management, slopes, and nature-based solutions.	Reduce exposure and damage.	Strengthening new infrastructure requires approximately 3% in additional investment and can generate net benefits of US\$4,2 million.
Early warning and preparedness	Monitoring, sensors, information, early warning, coordination, and prearranged liquidity.	Anticipate impacts and activate the response.	US\$800 million invested in early warning could prevent annual losses of US\$3,000–16,000 million.
Continuity of critical services	Energy, transport, water, telecommunications, healthcare, and alternative routes.	Maintain essential services.	Service disruptions cost at least US\$390,000 million annually in low- and middle-income countries.
Resilient recovery and reconstruction	Replacement of assets, housing, productive infrastructure, and public networks built to higher standards.	Restore services and assets with lower vulnerability.	LAC faces expected annual losses of approximately US\$58,000 million.

Source: Prepared by ALIDE based on UNDRR (Sendai Framework), World Bank/GFDRR, and WMO.

Note: Reference amounts relate to LAC or to low- and middle-income countries, depending on the source.

counted for 47%, followed by geophysical (23%), hydrological (19%), and climatological (11%) hazards (Figure 1). The United Nations Office for Disaster Risk Reduction (UNDRR) also estimates expected annual losses of approximately US\$58,000 million in LAC.

Given the scale and diversity of these risks, resilient infrastructure requires interventions at different stages of the disaster cycle. Drawing on the Sendai Framework for Disaster Risk Reduction 2015–2030, the approaches of the World Bank, the Global Facility for Disaster Reduction and Recovery (GFDRR), and the World Meteorological Organization's (WMO) early warning agenda, these interventions can be grouped into four complementary functions: prevention and protection; early warning and preparedness; continuity of critical services; and resilient recovery and reconstruction (Table n.º 1).

DFI INSTRUMENTS BY RESILIENCE FUNCTION

These four functions call for different financial responses. DFIs can address them through long-term credit, guarantees, grants, insurance, technical

DFIs combine long-term financing, guarantees, grants, technical assistance, information, and investment vehicles. Together, these instruments help reduce vulnerabilities before disasters occur.



assistance, information systems, and investment vehicles. A given instrument may contribute to more than one function, but is classified according to its primary use (Table n.º 2).

Table n.º 2. Instruments and Programs of Latin American DFIs by Primary Function

Country	DFI	Instrument or program	Contribution to resilience and reach
1. Prevention and protection			
Belize	Development Finance Corporation (DFC)	CRESAP; climate credit lines; DFC-CBA; GCF	Climate information and rural investment to reduce vulnerability.
Ecuador	BanEcuador B.P. (BanEcuador)	“Financiamiento preventivo ante El Niño”	Drainage, canals, and protective measures against El Niño.
Paraguay	Agencia Financiera de Desarrollo (AFD)	“Procampo Verde”	Efficient water management and productive infrastructure that can reduce vulnerability to drought.
2. Early warning and preparedness			
Bolivia	Banco de Desarrollo Productivo S.A.M. (BDP)	“Sistema Agroclimático”; “Adapta BDP”	Agroclimatic alerts to anticipate risks.
Ecuador	Banco de Desarrollo del Ecuador B.P. (BdE)	“Programa de Financiamiento para Gestión de Riesgos”	US\$180 million for local emergency mitigation and response, split equally between credit and non-reimbursable resources.
Mexico	Nacional Financiera S.N.C. (Nafin)	“Esquema Emergente para Desastres”	Credit, guarantees, and assistance following disasters.
3. Continuity of critical services			
Brazil	Banco Nacional de Desenvolvimento Econômico e Social (BNDES)	“Emergencial RS”; “ViaSul”; “RGE Sul”; airport and port	Restores transport and energy infrastructure following floods.
Mexico	Banco Nacional de Comercio Exterior S.N.C. (Bancomext)	“Programa Emergente Odile”; Los Cabos airport	Restores air connectivity following Hurricane Odile; US\$50 million, together with credit and guarantees.
Brazil	Banco Regional de Desenvolvimento do Extremo Sul (BRDE)	“Sul Resiliente”	Municipal infrastructure to reduce damage from floods, landslides, and other hazards.
Colombia	Financiera del Desarrollo Territorial (Findeter)	“Territorios que renacen”	In response to the 2026 climate emergency, finances investment and working capital to recover from impacts on communities and territories.
Colombia	Fondo para el Financiamiento del Sector Agropecuario (Finagro)	“Línea Agro Territorial”; LIET	Roads, bridges, and land improvements to restore productive infrastructure following heavy rains.
4. Resilient recovery and reconstruction			
Brazil	Banco de Desenvolvimento de Minas Gerais S.A. (BDMG)	“Edital Municípios”; “BDMG Solidário”	Drainage, sanitation, and infrastructure strengthening to reduce municipal exposure; credit reaching approximately 300 municipalities.
Chile	Instituto de Desarrollo Agropecuario (Indap)	“Crédito Especial por Catástrofe”	Replaces irrigation systems, infrastructure, and assets to restore production after disasters.
Colombia	Banco de Desarrollo Empresarial de Colombia (Bancóldex)	“Fondo Blooming Roots Providencia”	Post-disaster business recovery with climate resilience.
Colombia	Fondo para el Financiamiento del Sector Agropecuario (Finagro)	PECRP; recovery credit lines	Replace agricultural assets and infrastructure to restore production following extreme events.
Ecuador	Banco de Desarrollo del Ecuador B.P. (BdE)	2016 earthquake program; PFIRGAD	Reconstruction and local capacity-building following the earthquake; US\$65 million plus US\$6.60 million in grants; 140 subnational governments.

Source: ALIDE METIS LAC Development Database, based on official institutional websites and financial product information sheets.

MAIN FEATURES OF THE DFI RESPONSE

The instruments reviewed reveal a response that extends well beyond emergency lending. DFIs combine long-term financing, guarantees, grants, technical assistance, information, and investment vehicles. This combination makes it possible to reduce vulnerabilities before disasters occur, mobilize information and resources when risks materialize, maintain critical services, and support reconstruction.

A territorial and sectoral approach is another notable feature. Programs cover drainage, sanitation, water management, irrigation, bridges, airports, electricity networks, and productive infrastructure, serving subnational governments, producers, micro-, small and medium-sized enterprises (MSMEs), and service operators. Reported outcomes include initiatives reaching hundreds of municipalities, tens of thousands of producers, and millions of users of essential services.

Another characteristic is the link between preparedness and recovery. Early warning systems and prearranged financial mechanisms enable rapid responses, while continuity and reconstruction programs combine resources to restore infrastructure and productive activity. Resilience therefore depends not on any single financial product, but on tailoring instruments and resources to the stage of risk and the type of asset or beneficiary.

OVERVIEW AND PROSPECTS

The review shows that DFIs can intervene at different stages of the risk cycle, rather than solely in post-disaster reconstruction. Their capacity to finance preventive investments, protect assets, sustain essential services, and mobilize recovery resources can sup-



port a more comprehensive response to disasters. This is particularly relevant in a region facing expected annual losses of approximately US\$58,000 million, where reducing vulnerability before an event can be just as important as having resources available to respond afterward.

This role could be strengthened by more systematically incorporating disaster risk into project appraisal and structuring, and by combining long-term financing with rapidly deployable mechanisms. Linking institutions' own resources with insurance, climate funds, and concessional financing could further expand response capacity.

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Territorial Financing for Recovery from Natural Disasters: Bancóldex's Blooming Roots Fund

The Blooming Roots Fund, launched by Bancóldex in response to the impact of Hurricane Iota, is a territorial financing model aimed at rebuilding the productive fabric after a natural disaster. With approximately COP 3.55 billion (US\$1.07 million) in resources, it combines direct investment (75%) with technical assistance (25%), using instruments such as revenue-based financing to align repayments with business recovery.



Extreme climate events pose a particular challenge for financial institutions. After a disaster, businesses need resources to rebuild infrastructure, replenish working capital, and restore operations, while at the same time facing lower revenues, asset losses, greater uncertainty, and, in many cases, a reduced ability

Extreme climate events pose a particular challenge for financial institutions. After a disaster, businesses need resources to rebuild infrastructure, replenish working capital, and restore operations

to provide collateral. This creates a paradox: financing needs rise precisely when access to traditional credit may decline. For development banks, such scenarios test not only their capacity to provide resources, but also their ability to design instruments tailored to conditions that conventional financial markets find difficult to address.

In November 2020, following the effects of Hurricane Eta in Colombia, Category 5 Hurricane Iota directly struck the archipelago of San Andrés, Providencia and Santa Catalina. In Providencia, the event destroyed approximately 98% of the infrastructure, affecting housing, public services, social facilities, ecosystems, and productive activities. The disaster also occurred during the COVID-19 pandemic, deepening the difficulties of an island economy highly dependent on activities such as tourism and trade.

Before these events, the archipelago had approximately 62,000 inhabitants and a land area of about 53 km². Tourism and trade together accounted for around 57% of wealth generation, and the territory received more than 700,000 tourists each year. Its GDP per capita was around US\$9,200 in 2020, while its share of Colombia's GDP was approximately 0.15%. This reflected a small economy in national terms, but one highly dependent on activities particularly sensitive to both mobility restrictions and infrastructure disruptions.

Iota therefore created a challenge that went beyond physical reconstruction. Numerous micro and small enterprises saw their operations interrupted and cash flows deteriorate just as their investment needs increased. From a financial perspective, many of these businesses still had prospects



for recovery, but did not necessarily meet standard credit assessment parameters in the period immediately following the disaster. This gap between a firm's potential economic viability and its temporary ability to access financing is precisely one of the areas where development banking can provide additionality.

FROM EMERGENCY RESPONSE TO A LONG-TERM FINANCIAL SOLUTION

Bancóldex addressed to this situation by drawing on institutional experience that had begun several years before the disaster. Since 2009, the Bank has invested in private equity and venture capital funds, an activity that has reached more than 300 businesses in Latin America, approximately 130 of them in Colombia. This track record made it possible for the response to

the Providencia crisis to go beyond a conventional credit line.

In 2021, Bancóldex began structuring an investment facility specifically aimed at restoring the business fabric of Providencia and Santa Catalina. The result was the Blooming Roots Fund, which began operations in 2022 and was designed to channel resources to local businesses mainly linked to tourism, trade, agribusiness, and business infrastructure. The vehicle is managed by Amplo and Grassroots Business Fund, organizations with experience in impact investing and business strengthening.

THE FUND'S INVESTMENT STRATEGY

The Fund has approximately COP 3.55 billion (US\$1.07 million¹) in resources, 98% of which was contributed by



a) DIRECT INVESTMENT (~75%)

► Trade, tourism, and agribusiness companies



	Focus:	Investment in companies operating in Providencia in tourism, agribusiness, and trade.
	Use of funds:	Infrastructure and working capital.
	Instrument:	Revenue-based financing.
	Amount:	60%-80% (of the amount allocated to investment).
	Investment period:	2 years.
	Term:	10 years.

► Business infrastructure organizations



	Focus:	Investment in basic infrastructure projects on the island led by companies.
	Use of funds:	Infrastructure and working capital.
	Instrument:	Subordinated investment.
	Amount:	20%-40% (of the amount allocated to investment).
	Investment period:	2 years.
	Term:	10 years.

b) TECHNICAL ASSISTANCE (~25%)

► Technical assistance and business support



	Focus:	Support for business strengthening and the development of business plans.
	Use of funds:	Business plans, financial planning, and implementation of strategic plans.
	Instrument:	Non-reimbursable funds.
	Amount:	60%-80% (of the amount allocated to technical assistance).
	Term:	4 years.

► Accounting and back-office processes



	Focus:	Cross-cutting support for financial monitoring, back-office, and accounting processes.
	Use of funds:	Accounting and financial support.
	Instrument:	Non-reimbursable funds.
	Amount:	20%-40% (of the amount allocated to technical assistance).
	Term:	4 years.



Bancóldex. Its investment strategy is based on providing: (a) direct investment in companies that operate or strengthen business infrastructure; and (b) technical assistance and back-office and financial processes.

This design is based on the idea that, particularly for microenterprises and local economies with lower levels of business sophistication, financial constraints do not arise solely from a lack of capital. The quality of accounting information, cash-flow planning, administrative organization, and the capacity to develop a commercial strategy also shape the ability to use resources productively and sustain the business over time.

RESULTS

To date, close to COP 2.0 billion (approximately US\$609.² thousand) has been invested in microenterprises producing bio-based products, business infrastructure facilitators, and nature tourism, providing the financial and technical tools needed for sustainable growth.

All of these are microenterprises led by local residents, generating a positive impact in their areas of influence through the formalization of their operational, accounting, and hiring processes.

For all of the companies, this has been their first opportunity to access investment capital, and 75% of the companies in the Fund's portfolio are led by women. One hundred percent of the companies have implemented climate-resilience strategies. Average annual revenue growth among the investee companies has been 59%.

By improving operational efficiency, expanding market access, and integrating climate-resilience strategies, this

locally focused fund demonstrates how micro, small, and medium-sized enterprises can drive systemic change in their local economies and communities, aligning with Sustainable Development Goals (SDGs) 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 13 (Climate Action).

1. Calculated using an average exchange rate of 3,500 in 2019.
2. Calculated using an average exchange rate of 3,500 in 2019.

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EXPECTED IMPACTS AND BENEFITS

ECONOMIC



- ▶ Expanded access to financing for businesses that would not have been able to obtain traditional credit in the island and post-disaster context.
- ▶ Strengthened business capabilities, especially in financial management, cash-flow control, and decision-making.
- ▶ Contribution to the sustainability and survival of local businesses, even amid declining revenues and restrictions on tourism.

SOCIAL



- ▶ Creation and retention of local employment, with an emphasis on women's employment.
- ▶ Improved working conditions in companies that implement health and safety protocols.
- ▶ Reduced gender inequalities in access to financing, business leadership, and participation in local value chains.

ENVIRONMENTAL



- ▶ Progressive integration of waste-management practices, ecosystem protection, and marine conservation, particularly in diving tourism and nature-based accommodation.
- ▶ Environmental awareness among business owners and workers, with the potential to scale toward more structured practices over the medium term.



Closing the Financing Gap for Women-Led MSMEs

This article provides a preview of an upcoming ALIDE regional study on the financing gaps faced by women-led MSMEs in Latin America and the Caribbean and examines the initiatives being promoted by development banks to expand access to finance, mobilize resources, and support business growth.

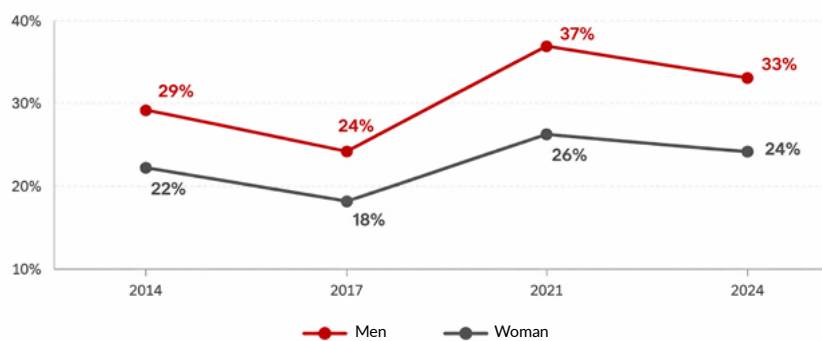
Latin America and the Caribbean (LAC) has made significant progress in financial inclusion. Account ownership among women has risen markedly over the past decade, while the gender gap in this indicator has narrowed to around two percentage points. Progress in access to credit, however, has been considerably slower. In 2024, approximately 33% of men had obtained financing from a financial institution, compared with 24% of women, leaving a gap of about nine percentage points.

For women who lead micro, small, and medium-sized enterprises, this disparity has important implications for productivity and growth. Financing constraints limit their ability to invest, scale up their businesses, adopt new technologies, and enter new markets. Women-led businesses in the region are estimated to face a financing gap of nearly US\$93 billion. Behind this figure are several well-documented barriers, including limited collateral, incomplete credit histories, high financing costs, and assessment criteria that do not always adequately capture the characteristics of small businesses, particularly those transitioning gradually toward greater formalization.

In this context, development banks can play a role that goes well beyond increasing the supply of financing. Through their mandates, longer financing horizons, and ability to absorb and share risk, they can help reshape the condi-



Figure n.º 1. Trends in Access to Credit from Financial Institutions in Latin America and the Caribbean, by Gender, 2011-2024



Source: Prepared by ALIDE based on data from the World Bank's Global Findex

tions under which the financial system serves underfinanced segments. They can do so through direct lending, guarantees, funding for financial intermediaries, targeted incentives, technical assistance, and adjustments to credit assessment criteria.

The findings presented here form part of a forthcoming ALIDE regional study based on a survey of 32 development banks across Latin America and the Caribbean. The results indicate that a gender perspective has already been incorporated into the activities of a substantial share of development banks in the region. The key challenge now is to move beyond individual initiatives and toward their institutional consolidation and scale-up.

FROM PRODUCTS TO STRATEGY

This progress suggests that development banks are increasingly incorporating women-led MSMEs into their productive financing priorities. The next step is to build on this foundation and move from stand-alone products toward institutional strategies capable of sustainably expanding access to finance and supporting business growth.

Doing so requires progressively embedding a gender perspective into institutional planning, risk management, resource allocation, information systems, and day-to-day decision-making. Such integration can help initiatives move beyond isolated programs and become part of development banks' permanent capacity to identify financing constraints, adapt financial instruments, and channel resources toward businesses with growth potential.

A better understanding of demand is equally important. Low take-up of a financial product does not necessarily indicate weak demand for financing. Many women entrepreneurs do not



It is estimated that women-led businesses in the region face a financing gap of approximately US\$93 billion.

apply for credit because they expect to be rejected, are unaware of available financing options, consider their businesses too small, or lack the required collateral. For development banks, identifying potentially eligible businesses and helping them become credit-ready should therefore be viewed as part of the intervention rather than as a secondary activity.

BEYOND TRADITIONAL CREDIT

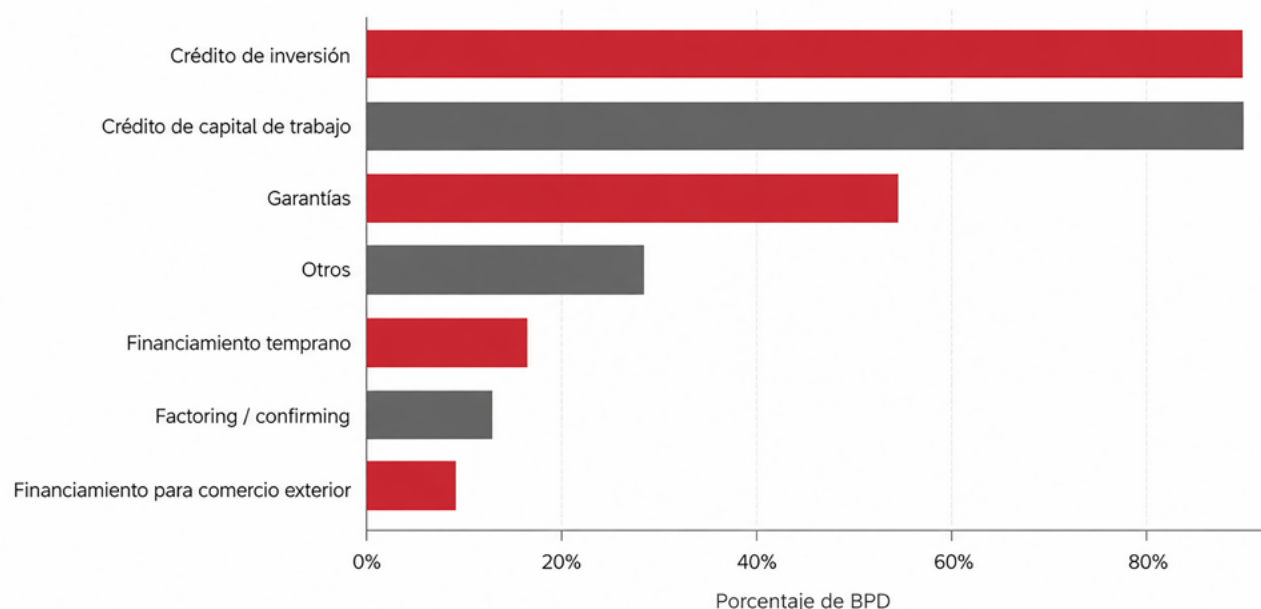
The current product mix remains concentrated on investment loans and working-capital financing. Guarantees also play an important role, while instruments such as early-stage financing, factoring, confirming, and trade finance remain considerably less common.

This points to an important opportunity. Financial needs evolve as businesses grow. A start-up in its early stages faces very different financing constraints from those of a firm seeking to expand production capacity, enter export markets, digitalize its operations, or invest in sustainable technologies. Development banks can support businesses throughout this cycle by offering a broader range of instruments, including credit, guarantees, early-stage financing, liquidity solutions, and financing mechanisms linked to value chains.

The same principle applies to financing conditions. A gender-sensitive approach cannot be reduced to offering preferential interest rates. Loan maturities, grace periods, collateral require-



Figure n.º 2. Financial Instruments Offered by Development Banks to Women-Led MSMEs



Source: ALIDE regional study on financing for women-led MSMEs in Latin America and the Caribbean, based on a mapping of 32 development banks

ments, and assessment criteria should reflect firms' repayment capacity and business cycles. The objective is not to relax prudential standards, but to avoid excluding viable businesses because of criteria that are poorly suited to their characteristics.

THE NEXT FRONTIER IS BETTER RISK ASSESSMENT

One of the most significant challenges is bridging the gap between the digitalization of financial processes and the transformation of credit assessment. Development banks have made progress in digital channels and operational modernization, but innovation in credit scoring and risk assessment remains less widespread.

Digitalizing an application process adds limited value if eligibility criteria continue to exclude the same businesses. Technology creates greater value when it lowers transaction costs, expands coverage, and improves the information available to distinguish between perceived and observed risk.

Achieving this requires sex-disaggregated data throughout the credit cycle, including applications, approvals, rejections, loan amounts, collateral requirements, financing terms, delinquency, and subsequent repayment performance. These data can help determine whether a program is bringing previously underserved businesses into the financial system or simply extending financing to women-led businesses that already had access to credit.

They can also enable the use —with appropriate safeguards— of transactional data, electronic invoicing, digital sales records, and other indicators of repayment capacity. Again, the aim is not to take on additional risk indiscriminately, but to reduce the risk of excluding viable businesses because of insufficient information or overly rigid assessment criteria.

SCALING UP REQUIRES CAPABILITIES AND COOPERATION

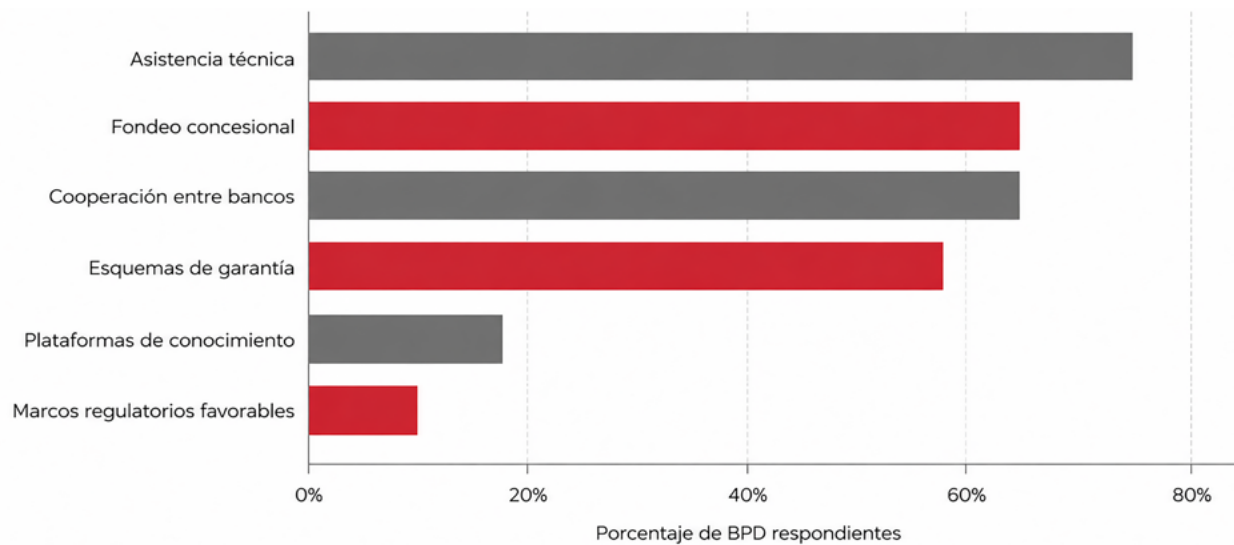
Financing, however, does not operate in isolation. Among the institutions surve-

A gender-sensitive approach cannot be reduced to a preferential interest rate. Loan terms, grace periods, collateral requirements, and evaluation criteria must reflect businesses' repayment capacity and economic cycles.

yed, 82,1% provide financial education, 75% offer training, and 57,1% provide technical assistance. These services are most effective when they target specific constraints and are closely linked to financing. Technical assistance can help prepare an investment project, digitalization can improve the quality of available information, and formalization can facilitate access to new markets.

Development banks can also extend their reach through commercial banks, credit unions, and microfinance insti-

Figure n.º 3. Priority Forms of Support for Expanding Financing
Percentage of development banks reporting each type of support



Source: Prepared by ALIDE based on a survey of the development banks participating in the study

tutions by providing guarantees, funding, and incentives. When financing is delivered through third parties, however, clear objectives, traceability, and reporting mechanisms are essential to ensure that resources—and more favorable financing conditions—ultimately reach women-led MSMEs.

Cooperation can further strengthen these capabilities. Among surveyed institutions, 75% identify technical assistance as a priority area of support. Two-thirds highlight concessional funding and cooperation among development banks, while 58,3% identify guarantee schemes as a priority.

The findings point to a consistent message. The challenge is no longer simply to create financial products for women, but to improve the broader framework that determines who can access finance, through which instruments, and under what conditions. This is where development banks can make a distinctive contribution: by sharing risk, coordinating stakeholders, mobilizing private capital, and helping translate financial inclusion into investment, productivity gains, and sustainable business growth.



Amazônia Pra Elas:

Gender-Responsive Credit in the Brazilian Amazon

Through differentiated financing terms and the mainstreaming of a gender perspective across its credit policy, Banco da Amazônia has expanded access to productive credit for thousands of women.



The vast territory, connectivity challenges, and socioeconomic gaps make the Brazilian Amazon a particularly complex region for the provision of financial services. These challenges are compounded by gender inequalities that have historically limited women's access to formal financing, particularly because of lower levels of asset ownership, shorter credit histories, and information asymmetries.

Against this backdrop, Banco da Amazônia launched "Amazônia Pra

In 2022, Banco da Amazônia launched the "Amazônia Pra Elas" initiative to promote the financial and productive inclusion of women entrepreneurs in the region, particularly those engaged in urban and rural micro and small businesses.

Elas" in 2022, an initiative aimed at promoting the financial and productive inclusion of women entrepreneurs in the region, particularly those engaged in urban and rural micro and small businesses.

The program brings together credit lines with differentiated terms, especially using resources from the Constitutional Financing Fund for the North (FNO) and productive-oriented microcredit.

Table n.º 1. Contracts Signed under "Amazônia Pra Elas"

	2022 (A)	2023 (B)	% (B/A)	2024 (C)	% (C/B)
Contracted volume (R\$ million)	58,0	78,0	34,4 ↑	234,5	201,5 ↑
Number of women entrepreneurs	16 002	20 473	28,0 ↑	56 714	177,0 ↑

The initiative also reflects Banco da Amazônia's development mandate. The state-owned financial institution is linked to Brazil's Ministry of Finance and is one of the main sources of financing for productive activities in the North Region. Through the FNO and other mechanisms, the Bank channels resources toward financial inclusion, sustainable regional development, and the reduction of socioeconomic inequalities.

INTEGRATING A GENDER PERSPECTIVE INTO CREDIT

One of the main features of "Amazônia Pra Elas" is that it does not operate as a stand-alone credit line. Instead, it mainstreams a gender perspective across the financing instruments already offered by the Bank, giving priority and differentiated terms in areas such as grace periods, maturities, and financing limits for women-controlled and women-managed companies.

Thus, rather than creating a stand-alone financial product, the special conditions are incorporated into existing FNO credit lines. The model makes it possible to use existing infrastructure, credit procedures, and funding sources while introducing specific criteria designed to facilitate women's economic participation. This design supports operational simplicity, financial sustainability, and the potential to scale up or replicate the initiative.

These conditions are available to individual microentrepreneurs, rural producers, and companies in which women hold at least 40% of the share capital, provided they are also managed by women. Operations follow standard FNO procedures, while specific registration and monitoring mechanisms are used to track the program's results.

The strategy also relies on the Bank's regional network, including its branches, credit centers, and microfinance units, as well as credit agents and the productive-oriented microcredit model. This infrastructure



In 2022, the first year of "Amazônia Pra Elas," 16,002 women entrepreneurs were served, with a contracted volume of R\$58 million (US\$11.2 million). In 2024, contracted volume rose to R\$234.5 million (US\$43.5 million), an increase of 201.5%. At the same time, the number of women served rose to 56,714, representing a 177% increase.

is particularly important in a region where population dispersion and vast distances make access to financial services difficult.

A TRAJECTORY OF RAPID GROWTH

Results recorded since the launch show rapid expansion. In 2022, the program's first year, 16,002 women entrepreneurs were served, with a contracted volume of R\$58 million (US\$11.2 million). One year later, the number of beneficiaries reached 20,473, while financing rose to R\$78 million (US\$15.6 million).

Growth accelerated even further in 2024. Contracted volume reached R\$234.5 million (US\$43.5 million), up 201.5% from the previous year. At the same time, the number of women entrepreneurs served reached 56,714, representing a 177% increase from 2023.

Across the 2022-2024 period, financing increased from R\$58 million to R\$234.5 million (US\$11.2 million to



US\$43.5 million), representing cumulative growth of more than 300%. The number of women served, meanwhile, rose from just over 16,000 to more than 56,000.

This expansion is consistent with a broader Bank strategy focused on small businesses. In 2024 alone, the institution allocated more than R\$9.1 billion (US\$1.69 billion) to micro and small businesses, of which more than R\$7.2 billion (US\$1.34 billion) came from FNO resources.

In addition, by enabling women entrepreneurs to expand their activities, make investments, and strengthen their businesses, the initiative seeks to contribute to their economic autonomy while also stimulating local economies.

The effects may also extend to families, workers employed by the businesses, and the communities in which they operate. In areas with limited access to financial services, strengthening women-led businesses can create new employment opportunities, expand the supply of goods and services, and promote locally based economic activity.

The program is also aligned with FNO priorities and regional development policies, which encourage projects related to sustainable activities and the green economy. Productive financing can therefore also help create economic opportunities that enable local populations to remain in their territories through activities compatible with a sustainable development model.

LESSONS FOR DEVELOPMENT BANKING

The experience has also yielded important lessons. One of them is that credit alone does not guarantee the success of a business venture.

The Bank identifies training, financial education, technical assistance, and



Banco da Amazônia recognizes that credit alone does not guarantee the success of a business venture, but identifies training, financial education, technical assistance, and support networks as complementary factors.

support networks as complementary factors. Reaching remote municipalities and isolated communities in the Amazon requires a range of service channels, mobile outreach activities, and partnerships with local stakeholders.

Cultural and information barriers must also be taken into account. Some potential beneficiaries are unaware of the products available or are initially reluctant to use formal credit. Therefore, communication tailored to the target audience, the dissemination of successful experiences, and the building of trust are important components of the strategy.

This is because the experience makes it possible to advance toward gender-responsive risk management, as monitoring the performance of the portfolio of women borrowers can generate evidence to reassess traditional perceptions of the credit risk associated with women entrepreneurs and incorporate gender indicators into assessment and management systems.

For this reason, the main lesson of "Amazônia Pra Elas" for other development finance institutions is that a gender perspective can be integrated into existing financing structures rather than confined to stand-alone programs.

Toward Sustainable Financial Inclusion in Latin America

Latin America and the Caribbean has made significant progress in financial inclusion, driven by digitalization, fintech, and the expansion of credit. Yet broader access has also brought new challenges related to indebtedness, repayment capacity, and people's ability to remain within the financial system. This article examines why the next stage of financial inclusion must prioritize not only reach, but also quality and sustainability, with Development Banking playing an active role.



Over the past 15 years, Latin America has undergone a profound transformation in access to financial products and services. The expansion of financial technology (fintech) companies, digital wallets, and new credit delivery models has enabled

millions of people to access accounts, payment instruments, and financing for the first time.

The digital revolution has radically transformed the financial system's ability to reach historically underserved segments. Young people,

informal workers, women heads of household, self-employed workers, and residents of areas far from urban centers have been able to enter the system through low-cost, highly scalable digital tools. In many Latin American markets, fintech companies



have become the main entry point into the financial ecosystem.

From a development perspective, this shift has brought substantial benefits. Access to digital payment instruments facilitates economic formalization, improves transaction security, and enables the development of financial histories for populations traditionally invisible to the banking system.

According to World Bank data, the share of people aged 15 and over with access to bank or payment accounts in the region increased from 39.5% to 69.7% between 2011 and 2024. In Argentina, the increase was even more pronounced, from 33.1% to 81.7%. Focusing on the adult population, coverage exceeds 98%.

There is no doubt that this progress represents one of the greatest achievements of the financial inclusion agenda. Indeed, it calls for a reassessment of the agenda's very purpose, at least at the national level. However, greater access should not be confused with successful inclusion. Financial inclusion means enabling people to use financial services in useful, safe, and sustainable ways that improve their economic well-being. Recent data on household indebtedness and the purposes for which credit is used make it urgent to ask whether all financial access constitutes genuine inclusion and whether that inclusion can be sustained over time.

Experience across the region suggests that the answer is not necessarily yes. Household loan delinquency has reached its highest levels in 15 years in two of Latin America's largest economies, with loans more than 90 days past due accounting for 12.7% of outstanding credit in Argentina

and 5.6% in Brazil. For both countries, these are the highest levels recorded in the past 15 years.

In many cases, entry into the financial system takes place through very short-term credit products offered without a comprehensive assessment to population groups with unstable incomes, limited financial literacy, or weak links to formal employment. Under these conditions, the promise

of inclusion can quickly reverse course, turning financial inclusion into financial exclusion.

This is why, at Banco de la Provincia de Buenos Aires and Provincia Microcréditos (the public bank's financial inclusion and productive development company) we believe that the challenge for the coming years is not simply to expand access, but to build healthy and sustainable financial

According to World Bank data, the share of people aged 15 and over with access to bank or payment accounts in LAC increased from 39.5% to 69.7% between 2011 and 2024.



inclusion over the long term, creating genuine opportunities for those who work and produce to grow.

THE ILLUSION OF INCLUSION

One emerging phenomenon in the region might be called 'inclusion followed by exclusion'. The sequence is often the same: someone with no credit history receives an initial offer of digital financing. The process is simple, fast, and almost instantaneous. Yet that person often lacks stable income, experience in managing credit, or adequate tools to assess the loan's total financial cost.

The consequences are particularly evident among young people. A report prepared by Provincia Microcréditos shows that a significant proportion of 18- to 21-year-olds who obtained credit for the first time subsequently fell behind on their payments. Of those in this age group who first accessed financing in 2015, 37.4% later became delinquent. Moreover, credit performance deteriorates more sharply the younger borrowers are when they first enter the market, with particularly high delinquency rates among those who access credit at an early age.

Although these figures refer to a specific market, they reflect dynamics increasingly visible in other Latin American countries: rapid access to credit, limited credit histories, and repayment capacity that does not always keep pace with the expansion of financing. As a result, many people enter the financial system only to be excluded from it for years because their credit histories have deteriorated.

A CHALLENGE THAT EXTENDS BEYOND CREDIT

The discussion should not focus exclusively on delinquency rates. The

deeper risk for financial inclusion policies is that the system may create lasting paths of vulnerability. A young person who begins their financial life with missed payments not only faces immediate difficulties but also limits future access to financing for education, housing, entrepreneurship, or productive projects. Credit histories may even be checked by employers during recruitment.

This issue is especially relevant when people gain access to credit before entering the formal labor market. Today, a very significant share of young people struggling to meet their financial obligations have neither formal employment nor stable, documented income. This disconnect between financial and economic inclusion is one of the principal challenges facing the region's development institutions.

FROM MICROFINANCE TO SUSTAINABLE FINANCE FOR DEVELOPMENT

Today's challenges also require a reassessment of some of the approaches that guided financial inclusion strategies in the region for many years. During the early decades of microfinance expansion, much of the debate centered on bringing financial services to individuals and small productive units historically excluded from the system. That objective was essential and helped democratize access to basic financial tools for millions of Latin Americans.

Today, success can no longer be measured solely by the number of new users, accounts opened, or loans disbursed. Experience has shown that access alone does not guarantee inclusion or development. The agenda for the next decade should embrace a broader vision: building sustainable

The challenge for the coming years is to build healthy, sustainable financial inclusion that creates genuine opportunities for those who work and produce to grow.

finance for development. This means recognizing that finance should strengthen the economic capabilities of individuals and firms, rather than create vulnerabilities that compromise their future.

Whether for a large company, a self-employed worker, or a small entrepreneur, sustainability rests on common principles: repayment capacity, appropriate debt levels, interest rates compatible with the activity being financed, reasonable refinancing arrangements, and sound credit quality. Repayment capacity, debt sustainability, loan portfolio quality, and the development of positive credit histories must be given as much importance as the expansion of financial coverage.

This approach is especially relevant in Latin America, where large segments of the population face volatile incomes, high levels of labor informality, and limited capacity to absorb economic shocks. In this context, credit can be a powerful instrument for development, but it can also become a source of exclusion.

The future agenda must therefore combine financial innovation, financial education, productive development,





and economic inclusion. The objective is not merely to bring more people into the financial system, but to enable them to build a stable, healthy, and beneficial relationship with it.

A NEW AGENDA FOR THE REGION

Latin America has good reasons to celebrate the advances made in financial access. Millions of people now participate in a financial ecosystem from which they were historically excluded. Yet the next stage calls for greater ambition. The challenge is to ensure that those who enter the financial system can remain in it and benefit from it sustainably.

True inclusion does not occur simply when someone obtains a first loan, opens an account, or downloads an application. For inclusion to

The challenge now is to ensure that those entering the financial system can remain in it and benefit from it sustainably.

be meaningful, these tools must effectively improve people's economic opportunities, strengthen their productive capacity, and broaden their prospects for building a better future.

Ultimately, the challenge for Development Banking, regulators, fintech companies, and the region's financial industry as a whole is to move beyond an approach focused exclusively on access toward a vision of sustainable finance for development, in which the quality of inclusion matters as much as its reach. That is the

difference between bringing people into the financial system and genuinely generating development.



Alejandro Formento

*Director of
Banco Provincia
and President
of Provincia
Microcréditos*

Sustainable Development

Project Analysis and Assessment Mechanism

The ADDS Mechanism enables AFD to incorporate the SDGs directly into the evaluation and approval of its operations by assessing ex ante their impacts across six environmental, social, economic, and governance dimensions.



For development finance institutions, sustainability poses a challenge that goes beyond identifying whether an operation contributes to one or more Sustainable Development Goals (SDGs). The central question is how to incorporate these considerations into the process through which projects are identified, structured, and approved. In practice, this means moving from using the SDGs primarily as a classification or reporting tool to using them as an effective criterion for improving the quality of financing decisions.

For more than a decade, Agence Française de Développement (AFD)

Implemented since 2014, ADDS systematically assesses the expected impacts of operations before approval and incorporates them into the financing cycle

has developed experience in this area through its Sustainable Development Project Analysis and Assessment Mechanism (ADDS). Implemented since 2014, the mechanism systematically assesses the expected impacts of operations before approval and incorporates them into the financing cycle itself. Its purpose is threefold: to avoid significant negative

impacts, increase projects' positive contributions, and promote synergies across the different dimensions of sustainable development.

This approach is particularly relevant given the scale of the institution's operations. In 2024, AFD recorded €13.7 billion in activity, a consolidated balance sheet of €72.3 billion, and



around 4,000 projects financed. It has operated in Latin America and the Caribbean since 2009. Between 2021 and 2025, it financed nearly 200 projects totaling more than €8.1 billion. In 2025, 71.3% of its financing in LAC included climate co-benefits.

WHAT DOES THE MECHANISM ENTAIL AND WHAT ARE ITS OBJECTIVES?

ADDS systematically examines the expected ex ante impacts of an operation on sustainable development across three pillars and six dimensions:

- ▶ Biodiversity conservation and natural resource management.
- ▶ Climate change, both in terms of supporting a low-carbon pathway (mitigation) and strengthening

climate resilience (adaptation).

- ▶ Social cohesion and the reduction of inequalities.
- ▶ Gender equality.
- ▶ A sustainable and resilient economy.
- ▶ Democratic and inclusive governance.

The assessment has three objectives:

- ▶ “Do no harm” by avoiding the financing of operations that could have a significant negative impact on any of the SDGs.
- ▶ Optimize the positive impact of operations to increase their contribution to the SDGs.
- ▶ Promote synergies and interactions among the dimensions of

In 2024, AFD recorded €13.7 billion in activity, a consolidated balance sheet of €72.3 billion, and around 4,000 projects financed. It has operated in Latin America and the Caribbean since 2009. Between 2021 and 2025, it financed nearly 200 projects totaling more than €8.1 billion.

sustainable development (the interdependence of the SDGs).

In each sustainable development dimension, projects' expected impacts are assessed according to their scope

PILLARS	Dimensions	SDGs	Objectives
PLANET	 BIODIVERSITY		▶ Improve ecosystem condition and conservation. ▶ Develop or consolidate a biodiversity-friendly policy, regulatory, and governance framework that takes local communities into account.
	 CLIMATE CHANGE		▶ Ensure the project is consistent with the Paris Agreement and low-carbon climate challenges in the territory, supporting the partner on a long-term decarbonization pathway.
	a. Mitigation b. Adaptation		▶ Contribute to adaptation of the territory or sector in which the project operates, particularly by strengthening capacities and integrating climate uncertainty.
PEOPLE	 SOCIAL		▶ Strengthen social cohesion by reducing multidimensional inequalities and promoting inclusion. ▶ Address vulnerabilities to crises and social tensions. ▶ Integrate a human-rights-based approach into projects.
	 GENDER		▶ Promote gender equality by removing barriers that prevent women from equitable, sustainable, and effective access to quality basic goods and services. ▶ Contribute to structural changes in society toward greater women's empowerment and equal representation in decision-making spaces.
ECONOMY & GOVERNANCE	 ECONOMY		▶ Promote a sustainable and resilient economy that uses fewer natural resources and respects planetary boundaries.
	 GOVERNANCE		▶ Support the organizational structure according to its needs to ensure the sustainability of project impacts. ▶ Promote decision-making procedures based on consultation and participation. ▶ Enhance governance projects in key sectors such as justice and taxation.

on a scale from -2 to +3, following a progressive impact sequence:

- ▶ Negative impacts: significant (-2) or residual (-1);
- ▶ Neutral impacts (0);
- ▶ Positive impacts: moderate (+1), significant (+2), or transformative (+3).

AN ANALYSIS INTEGRATED INTO THE PROJECT CYCLE

ADDS is carried out in two complementary stages. First, the sustainable development analysis begins during project identification and is deepened during appraisal using feasibility studies, logical frameworks, environmental and social assessments, and dialogue with the client. The teams

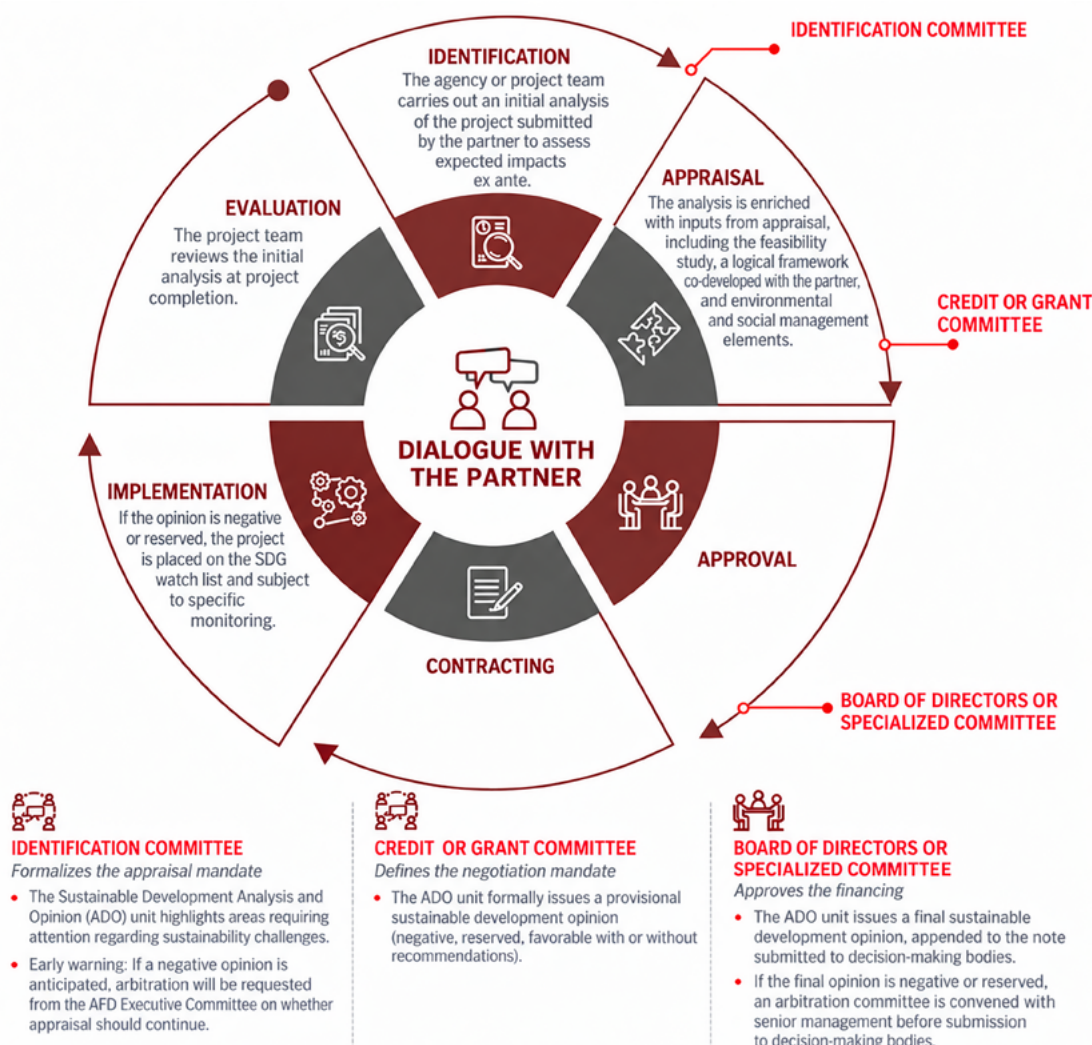
responsible for the project participate alongside sectoral and thematic specialists.

A sustainable development opinion is then issued by a team within the strategy department that is separate from the operational areas. This separation introduces an independent review before the final financing decision. The opinion may be favorable, favorable with recommendations, reserved, or negative, depending on the project's alignment with sustainability objectives and the risks identified.

The process is not limited to issuing an assessment at the end of the review. Project teams and the team responsible

for the opinion interact throughout appraisal. A project initially considered reserved may ultimately receive a favorable opinion if it incorporates the recommendations made and improves its design before reaching the Board of Directors.

This dynamic makes ADDS a tool for project improvement, not merely project selection. For a development finance institution, the distinction is important: the objective is not only to exclude operations that are incompatible with its mandate, but also to use the evaluation process to increase the additionality and expected impacts of the operations that are ultimately financed.



Guarantees That Pave the Way for Entrepreneurial Ventures¹

Guarantees hold considerable potential to make small and medium-sized ventures viable and contribute to the income and job creation that the region urgently needs.

Entrepreneurs in Ecuador and across Latin America and the Caribbean face significant challenges in turning an idea into a sustainable business. In an economic environment exposed to unexpected changes, thousands of ventures must contend with tighter margins, limited budgets, and the risk of failing to survive their first few years. These difficulties are compounded by barriers to traditional financing: a limited credit history, insufficient assets to pledge as collateral, or requirements that can be difficult to meet.

Against this backdrop, access to a guarantee can make a decisive difference. Ecuador's Fondo Nacional de Garantías (FNG) is a service provided by Corporación Financiera Nacional B.P. (CFN B.P.) that issues partial guarantees to secure credit obligations. Its purpose is to facilitate access to productive financing through the National Financial System, particularly for entrepreneurs seeking credit.

In Quito, for example, Cristina Collaguazo and Ibrahim Dib established Panasutra with the ambition of consolidating and sustainably expanding a small business combining a bakery, pastry shop, and coffee shop. The young couple needed a larger credit facility to take their venture forward but lacked the collateral required to obtain it.



In an economic environment exposed to unexpected changes, thousands of ventures must contend with tighter margins, limited budgets, and the risk of failing to survive their first few years.

Another small enterprise faced a similar situation: Chicken Corp, in Guayaquil. The company, which processes and markets meat products, needed cold-storage facilities and improvements to its warehouses to strengthen its production system. In both cases, partial guarantees provided the backing

needed for the credit operations, enabling the businesses to embark on a new stage of development.

Rather than replacing financial institutions, this mechanism shares the risk of lending operations and creates more favorable conditions for banks participating in the FNG to channel

credit toward productive activities. Through this instrument, CFN B.P. helps bring the financial system closer to enterprises with viable projects and a clear determination to grow.

Between January 1 and July 31, 2026, the Fund recorded 783 operations nationwide. During this period, it issued partial guarantees totaling US\$53.96 million, helping mobilize US\$107.79 million in private capital for micro-, small and medium-sized enterprises (MSMEs).

Behind these figures are tangible stories of growth and inclusion. The guarantees supported 308 women-led projects, 176 lending operations for business owners accessing credit for the first time, 179 operations involving first-time entrepreneurs, and 45 youth-led initiatives. Support also extended to projects incorporating multicultural dimensions and climate change mitigation.

The reach of these operations is reflected in the diversity of sectors served: trade, fisheries and aquaculture, services, manufacturing, agriculture and livestock, transport and storage, construction, information and communications, and tourism, among others. This coverage channels financing to activities that stimulate local economies and create opportunities in different parts of the country.

With the support of multilateral organizations and through partnerships with financial institutions, the Fund has expanded its reach across Ecuador, including operations in the Amazon region. Its operating model links participating financial institutions, CFN B.P.'s FNG, and clients through the guarantee mechanism, with the aim of fostering a sound, efficient, and sustainable guarantee system.

From January 1 to July 31, 2026, CFN B.P. recorded 783 operations nationwide. Partial guarantees totaling US\$53.96 million helped mobilize US\$107.79 million in private capital for MSMEs.

In the first quarter of 2026, the FNG maintained its 'AAA-' risk rating, assigned by BankWatch Ratings S.A. This rating, in the highest category of the financial institution risk ratings published by Ecuador's Superintendency of Banks, attests to the soundness of the Fund's management and reinforces the confidence it inspires among its financial partners and beneficiaries.

Panasutra and Chicken Corp are just two of the more than 700 projects that have benefited. Their experiences show that a lack of conventional collateral or an as-yet limited credit history need not stand in the way of a promising business initiative.

In this way, CFN B.P.'s guarantee instrument serves as a bridge between productive projects and financing opportunities. Businesses founded with a vision for growth can expand, create jobs, stimulate local economies, and demonstrate that, with the right backing, entrepreneurial potential can translate into tangible outcomes for individuals, their communities, and the country.

1. This article was contributed by Ecuador's Corporación Financiera Nacional B.P. (CFN B.P.), which administers the National Guarantee Fund (FNG).



The Algorithm of Progress

Applied AI, Financial Inclusion, and the Changing Landscape of Regional Development

Artificial intelligence is transforming access to financial services in Latin America and the Caribbean, from credit assessment and fraud prevention to digital customer service. Yet while adoption is advancing rapidly, gaps persist in investment, capabilities, and infrastructure needed to develop this technology within the region. This article examines that landscape and explores the role Development Banking can play in promoting AI that is more inclusive, sustainable, and suited to regional realities.

“

We all use AI whenever we pay with our phones. Few of us ask who built it and who captures the value.

”



Imagine Cristóbal, a market vendor in Cusco, Peru, or in any number of other cities across Latin America and the Caribbean. He had never set foot in a bank, but a year ago he applied for his first loan on his phone. Within minutes, without a guarantor or paperwork, the loan was approved. No loan officer had reviewed his credit record: an algorithm had analyzed his sales, payments, and digital behavior. What would have sounded like science fiction a decade ago now happens thousands of times a day across Latin America.

61% of fintech firms now work alongside traditional banks, although 49% of these partnerships are still perceived as distant or lacking depth.

Artificial intelligence (AI) is already part of the region's everyday financial landscape: it approves loans, detects fraud, and assists customers through chat at any hour. The question facing Development Banking is no longer whether this technology will change

access to finance, but who is building it and who ultimately benefits.

FROM BANK BRANCHES TO MOBILE PHONES

The scale of the change is evident in the figures. According to the Inter-American Development Bank (IDB) and Finnovista,

the region had 703 *fintech* companies in 2017; today there are more than 3,000, an increase of 340%, driven by widespread *smartphone* adoption and the need to reach millions of people without bank accounts.

The ecosystem is not just growing; it is maturing. Already, 61% of *fintech* firms work with traditional banks, yet 49% consider these partnerships weak or superficial. Development Banking can help bridge the gap between innovation and effective inclusion.

HOW IS AI BEING USED IN PRACTICE?

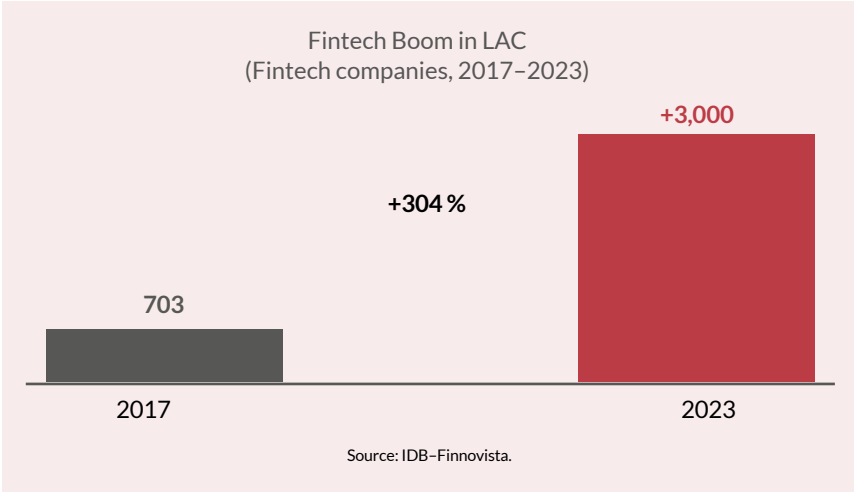
In the region’s banking sector, AI is being applied primarily in three areas. First, it supports lending decisions for applicants with no credit history by using alternative data, such as sales records and utility payments. Second, it helps detect fraud in real time, an increasingly important function as financial transactions shifts from bank counters to digital channels. Third, AI-powered assistants provide customer support in multiple languages around the clock, reaching communities where traditional bank branches are unlikely to operate.

MAPPING THE REGION'S STRENGTHS

The Latin American AI Index (ILIA 2025), prepared by ECLAC and Chile’s National Center for Artificial Intelligence (Cenia), with support from the IDB, CAF, and OAS, assesses 19 countries in terms of AI readiness, adoption, and governance. It reveals a mosaic of different strengths rather than a race with one winner.

Chile brings expertise in data governance; Brazil and Mexico bring scale and investment; and Colombia, Peru, and Argentina are making significant advances in digital

Figure n.º 1. The *Fintech* Boom in Latin America and the Caribbean (2017–2023)



microfinance. No country has all the answers, a clear indication that AI development in the region is still at an early stage.

THE GREAT PARADOX: USING AI EXTENSIVELY, BUILDING LITTLE OF IT

Here is the figure that should most concern, and mobilize, Development Banking. According to ECLAC, Latin America and the Caribbean account for 14% of global visits to AI solutions: the region is an enthusiastic user of this technology. Yet its investment in developing AI represents just 1.56% of global AI spending.

It is like being a store’s best customer without ever owning a stake in the

business. The region consumes technology designed elsewhere, while the real sources of power—data, models, and patents—remain concentrated beyond its borders.

LAC consumes technology designed elsewhere, while the real sources of power (data, models, and patents) remain concentrated beyond its borders.

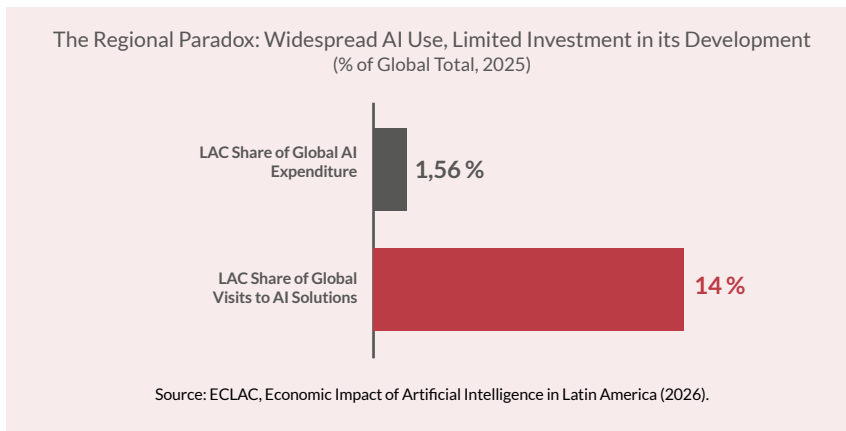
Table n.º 1. Overview of National Strengths in the LAC AI Ecosystem

Country / group	Notable strength in the AI ecosystem
Chile	Home to Cenia and co-developer of the Latin American AI Index (ILIA); a leader in data governance.
Brazil	Regional leader in Open Finance and the Pix instant payments system, providing a foundation for new AI applications.
Mexico	Together with Brazil, accounts for a large share of regional <i>fintech</i> investment and Open Finance adoption.
Colombia, Peru, Argentina	Ecosistemas <i>fintech</i> en consolidación, con foco en <i>scoring</i> crediticio alternativo y microfinanzas digitales.
19 LAC countries	Covered by ILIA 2025 and assessed across three dimensions: enabling factors, research/adoption, and governance.

Source: Prepared by ALIDE based on ECLAC–Cenia, ILIA 2025, and IDB–Finnovista.



Figure n.º 2. The Gap Between AI Use and Investment in Latin America, 2025



AN EXPERT PERSPECTIVE

To understand what this means in practice, we spoke with an economist specializing in digital financial inclusion who has advised Development Banking institutions across the region. The following interview is an illustrative reconstruction based on the ECLAC and IDB findings cited in this article, designed to translate a technical

debate into the practical choices institutions face every day.

WHY SHOULD A DEVELOPMENT BANK CARE ABOUT THE 'PARADOX' IDENTIFIED BY ECLAC?

Because if we are only users of AI, we depend on rules and prices set by others. A development bank that finances the purchase of technology from abroad without strengthening

local capabilities is helping perpetuate that dependence rather than overcome it.

WHAT IS THE SPECIFIC RISK FOR SOMEONE LIKE CRISTÓBAL, THE MARKET VENDOR IN YOUR EXAMPLE?

An algorithm trained on data from another country, with a different economic reality, could assess that person's creditworthiness incorrectly. Unless the region participates in designing these models, we risk automating exclusion instead of addressing it.

WHAT, THEN, SHOULD DEVELOPMENT BANKING DO DIFFERENTLY?

Three priorities: invest in local data infrastructure rather than simply purchasing software licenses; ensure that credit models are audited using local data; and provide technical assistance to SMEs and microfinance institutions, which currently have limited capacity to fully harness the potential of AI.

IF YOU HAD TO SUM UP THIS MOMENT IN ONE SENTENCE, WHAT WOULD IT BE?

There is still time for us to become not only consumers of artificial intelligence, but also its architects. Yet that window of opportunity will not remain open forever.

THREE PRIORITIES FOR DEVELOPMENT BANKING

Against this backdrop, ALIDE and its member institutions have at least three concrete priorities:

- ▶ Finance regional data and computing infrastructure rather than merely purchasing applications already developed elsewhere.
- ▶ Deepen partnerships between fintech firms and traditional institutions, which nearly half of





the sector is still weak, through co-financing and guarantee instruments.

- ▶ Provide technical support for business process engineering in SMEs and microfinance institutions, closing the capability gaps that currently limit broader AI adoption.



The true measure of progress will not be how much AI the region uses, but how much of that artificial intelligence it can design, finance, and govern for itself.



ALIDE and its member institutions have three specific priorities:

- ▶ *Finance regional data and computing infrastructure.*
- ▶ *Deepen partnerships between fintech firms and traditional institutions.*
- ▶ *Support business process engineering in SMEs and microfinance institutions.*

The algorithm of progress is not written in code alone. It is shaped by the investment, regulatory, and cooperation decisions Development Banking makes in the years ahead, so that the next Cristobal does not merely use artificial intelligence but also has a say in how it is built.



**By Hugo
Beltrán
Alejos¹**

¹ Hugo Alejandro Beltrán Alejos is an economist with a master's degree in computer science, an international consultant, speaker on data management and governance, and a business school lecturer. His work connects data strategy and artificial intelligence with the digital transformation of organizations and financial institutions in Latin America.



SAVE THE DATE

MEETING OF CHIEF ECONOMISTS OF DEVELOPMENT BANKS

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