

ALIDE–IDB–ECLAC Community of Practice Dialogues

Local Currency Financing and Foreign Exchange Risk Management

for Foreign Currency Funding in Development Banks

Session 2

Tuesday, 29 September, 2026

9:00 a.m. (Lima Time, GMT-5)

ALIDE Zoom Platform

Organized by: Comunidad de Práctica

CONCEPT NOTE

Title / Theme:	**Local Currency Financing and Foreign Exchange Risk Management for Foreign Currency Funding in Public Development Banks**
Dates and times:	**Session 1:** August 27, 2026 Duration: 1 hour 20 minutes | Format: Virtual (Zoom platform) **Session 2:** September 29, 2026 Duration: 1 hour 20 minutes | Format: Virtual (Zoom platform)
Organizers / Partners:	ALIDE, IDB, ECLAC
Coordinators:	Romy Calderón, ALIDE Esteban Pérez, ECLAC Jesús Gutiérrez, PEC Consultant, IDB

Objectives:	**General objective:** To provide a forum for technical and policy dialogue among Public Development Banks (PDBs) and key stakeholders in the international financial ecosystem to analyze the challenges associated with foreign currency financing, exposure to foreign exchange risk, and the strategies and instruments available to manage it. Particular emphasis will be placed on identifying solutions to optimize the use of resources denominated in different currencies within the productive structures of the region's economies, as well as on the distinct roles played by multilateral organizations, specialized hedging funds, and PDBs themselves. **Specific objectives:** • Examine the current state of foreign currency funding among PDBs in Latin America and the Caribbean and its impact on institutional balance sheets, loan portfolios, and long-term sustainability. • Identify the main sources of foreign exchange risk and the channels through which they affect the supply of credit, including the impact on final borrowers—companies, municipalities, and infrastructure projects—that do not generate foreign currency revenues. • Present foreign exchange hedging instruments and strategies—local currency swaps, forwards, regional hedging funds, and foreign exchange risk guarantees—used or considered by PDBs in the region and elsewhere. • Analyze the role of hedging mechanisms as specialized solutions for transferring foreign exchange risk in emerging markets and their coordination with PDBs. • Present ECLAC's perspective on development financing in Latin America and the Caribbean, including an analysis of the structure

	of external funding, its macroeconomic implications, and policy proposals for developing local currency markets. • Discuss the role of international financial institutions in providing funding in different currencies and mobilizing private capital toward emerging markets. • Formulate replicable policy recommendations and good practices to ensure that resources raised by PDBs in different currencies have the greatest possible impact on the productive structures of the region's economies.
Webinar format:	A two-session virtual series. Session 1 comprises three thematic blocks, while Session 2 comprises two blocks. Each session will conclude with time for questions and discussion. The design follows a logical progression: Session 1 opens with ECLAC's macrostructural perspective, continues with the findings of a regional survey that provides an empirical baseline diagnosis, and concludes with concrete experiences from the region's public development banks. Session 2 focuses on specialized market solutions and the perspective and role of international financial institutions.

SESSION 1 — August 27, 2026

Run of show *Session 1:*	**Opening and welcome** Duration: 5 minutes (10:00–10:05) | Moderator: Jesús Gutiérrez, Senior Consultant — IDB / ALIDE. **Block 1 — ECLAC Perspective: Context, Current Conditions, and the Role of Financial Markets** Speakers: Georgina Cipoletta and Jeanelle Clarke, Development Financing Unit, ECLAC. Duration: 20 minutes (10:05–10:25). **Content and guiding questions** • What is the composition of PDB funding sources? The aim is to present a taxonomy of funding sources. • What are the challenges associated with local currency and foreign currency financing? • From ECLAC's structural perspective, what institutional and financial policy reforms are needed to reduce reliance on external funding and strengthen the development of local capital markets? **Block 2 — Findings of the ALIDE Survey on Foreign Currency Funding and Foreign Exchange Risk Management among PDBs in Latin America and the Caribbean** Speaker: Javier Carbajal, Principal Economist, ALIDE. Duration: 15 minutes (10:25–10:35).

	Content: Presentation of the main findings of the regional survey on foreign currency funding and the management of foreign exchange and interest rate risks among PDBs in Latin America and the Caribbean. The presentation will characterize the current currency composition of loan portfolios and funding, the main sources of resources, the share of financing subject to variable interest rates, and the factors influencing funding decisions. It will also examine the reported effects of exchange rate and interest rate volatility on financial costs, margins, institutional stability, and financing capacity. The session will address the strategies used to manage and allocate these risks—such as asset-liability matching, diversification, the use of derivatives, and local currency financing—together with the regulatory, operational, technical, and market constraints affecting their implementation, the support received from international financial institutions, and the alternatives considered to reduce exposure. **Block 3 — Public Development Bank Perspective: National Experiences in Foreign Exchange Risk Management** Speakers: Representatives from the treasury departments of public development banks in Brazil, Mexico, Colombia, Costa Rica, and Argentina. • Lic. Juan Sebastián Sívori – Financial Markets Manager – Banco de la Provincia de Buenos Aires, Argentina • Carlos Alberto Hernández González – Director of Financial Markets, Nacional Financiera S.N.C. (NAFIN), Mexico Duration: 30 minutes (10:35–11:15) | Format: Three to four presentations, with 7–8 minutes per intervention to address the guiding questions. **Guiding questions for participating PDBs** • What is your institution's current foreign exchange exposure, particularly in terms of foreign currency asset-liability mismatches? How has it evolved over the past five years? • What internal foreign exchange risk management policies are in place? Does your institution have exposure limits, natural hedges, or policies for passing risk on to borrowers? • What hedging instruments have you used or considered—currency swaps, derivatives, contingent credit lines, reserve funds? Which have been most effective, and why? • Have you accessed hedging instruments provided by TCX or similar organizations? If so, what was your experience? If not, what were the obstacles? • What are the main regulatory, market, or institutional constraints to expanding access to foreign exchange hedging? • What good practices or institutional innovations would you recommend to other PDBs in the region?

	Audience questions and closing of Session 1 Duration: 5 minutes (10:15–10:20) | The moderator will select questions from the chat. Announcement of Session 2 and the event's outputs.

SESSION 2 — September 29, 2026

Run of show ***Session 2:***	**Opening and recap of Session 1** Duration: 5 minutes (9:00–9:05) | Moderator: Jesús Gutiérrez, Senior Consultant — IDB / ALIDE. **Block 4 — TCX Fund Perspective and Specialized Foreign Exchange Hedging Solutions** **Speakers:** • Bianca Getzel, AVP | Structuring & Sales, TCX Fund • Ariya Morbiato, Associate, Strategy & Capital Mobilization, TCX Fund Duration: 15 minutes (9:05–9:20). **Content and guiding questions** • How does TCX Fund operate as a specialized provider of foreign exchange hedging in emerging markets? What instruments does it offer—such as forwards and swaps—and under what conditions? • To what extent is the TCX model—absorbing foreign exchange risk on its own balance sheet with backing from DFIs and governments—scalable and replicable in meeting the demand of Latin American PDBs? • What are the most relevant success stories in Latin America and other emerging regions? What impact have they had on access to local currency financing and project sustainability? • What are the main barriers preventing the region's PDBs from accessing solutions offered by TCX or other hedging providers—premium costs, regulatory frameworks, lack of local counterparties, or limited market depth? • How can PDB demand be coordinated with the supply from TCX and other DFIs to build a deeper and more accessible regional foreign exchange hedging market? **Block 5 — Perspective of International and Bilateral Financial Institutions** **Speakers:** Financial Markets and Risk Management specialists from regional and bilateral financial institutions operating in Latin America and the Caribbean • Abelardo Daza, Director of Financial Innovation, CAF.

	• Héctor Velásquez Guillén, Head of Financial Policy and Balance Sheet Management, CABEI • Bruno Costa, Treasury Specialist, IDB Duration: 40 minutes (9:20–10:00) | Format: Brief presentations of 4–5 minutes each. **Content and guiding questions** • How do multilateral organizations assess the challenges of funding operations for the region's PDBs in different currencies and the barrier posed by foreign exchange risk? What is the scale of the problem in terms of currency mismatches across the regional portfolio? • What instruments do these organizations offer to mitigate the foreign exchange risk faced by borrowing PDBs—local currency loans, currency swaps, partial risk guarantees, foreign exchange guarantee funds, and other instruments? • How do these organizations coordinate their offerings with those of specialized funds operating globally? • What lessons from other regions, Asia and Africa, are applicable to Latin America and the Caribbean? **Audience questions and open discussion** Duration: 5 minutes (10:00–10:05) | The moderator will select questions from the chat and direct them to the most relevant panelists. **Series summary and conclusions** Duration: 5 minutes (10:05–10:10) | ALIDE. Summary of the two sessions and announcement of event outputs—a policy brief, recording, and upcoming webinars in the series.
Session languages:	Spanish, English, and Portuguese. Other languages may be included if required.