

Banca & DESARROLLO

MAGAZINE

JANUARY - MARCH | 2025



FOOD



ENERGY

**55th ALIDE
ASSEMBLY:
FROM GLOBAL
CRISES TO
INTEGRAL
SECURITY**



ENVIRONMENTAL



DIGITAL

INTERVIEWS



JUAN CUATTROMO
President of Banco
de la Provincia de
Buenos Aires



**HENRY N.
ANDERSON**
CEO of
Development
Finance
Corporation



**ALEXANDRA
RESTREPO GARCÍA**
President of Fondo
para el
Financiamiento del
Sector Agropecuario

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Message from the President



The current global context allows us to ascertain more than ever that «the only permanent thing is change». The reconfiguration of the political and economic order with which we began this year has generated constant uncertainty. The implementation of protectionist trade policies and the breakdown of international cooperation for climate action put new challenges on the agenda of development financing institutions that we must transform into opportunities.

For these reasons, I underscore the importance of the fact that, during the 5th Finance in Common Summit (FICS) held in February in South Africa, the largest network of development banks worldwide reaffirmed its commitment to: 1) Accelerating growth through sustainable and inclusive investments, integrating national priorities with global challenges; 2) Encouraging the creation of high-impact projects and the mobilization of private resources toward long-term investments; and 3) Increasing collaboration for the exchange of experiences in favor of a coherent international financial system.

For objective number two, FICS members set a goal of progressively establishing a distinct class of assets backed by strong sustainability standards with the aim of multiplying the number of National Development Banks accessing financial markets, with the support of Multilateral Development Banking (MDB), including with AAA guarantees. Moreover, regulators, creditors, and multilateral institutions could positively consider the participation of public pension and sovereign wealth funds in the venture capital segments of development banks. Development financing institutions are willing to support G20 processes to reduce the cost of capital for projects and enterprises, including MSMEs, in the markets of emerging countries.

In that regard, the importance of the development banking community seizing the opportunity to participate actively in the process of restructuring the international financial architecture is reaffirmed. Two opportunities are approaching in the short term. The first is the Fourth International Conference on Financing for Development (FfD4) to be held in June in Seville, Spain. This Conference aims to assess progress in the implementation of the 2015 Addis Ababa (Ethiopia) Action Program, identify obstacles and constraints to meet the commitments made, and propose concrete actions to overcome them, within the framework of the urgency of accelerating the implementation of the 2030 Agenda.

The second is the 55th Ordinary Meeting of the ALIDE General Assembly, which will take place in Santo Domingo, Dominican Republic. I would like to take this opportunity to express my deep gratitude to Banco Agrícola of Santo Domingo in the Dominican Republic for its great kindness in hosting the next Assembly and for coordinating and working diligently, together with our Secretariat, to materialize the event and the working days.

The conference will be held under the theme: «From the Global Crisis to Comprehensive Security: Development Banking Forging the Future of Latin America.» This forum will focus on the need to design a comprehensive recovery strategy that addresses the reactivation of economies and promotes economic, social, environmental, technological and digital security, with an inclusive and sustainable long-term vision of the future. The event will take place from May 12 to 14, 2025. We hope that you can join us to reactivate the dialogue and find areas of opportunity and improvement.

Sincerely,

Luis Antonio Ramírez Pineda

President of ALIDE

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ASAMBLEA GENERAL ALIDE
SANTO DOMINGO-REPÚBLICA DOMINICANA
MAYO 12-14, 2025.



BancoAgrícola



From global crisis to comprehensive security: Development Banking, shaping the future of Latin America and the Caribbean

The ALIDE Assembly will be a strategic forum to discuss these issues and outline concrete actions. The goal is to achieve comprehensive development that, with a multifaceted security vision, guarantees not only recovery from the current crises, but also the resilience and prosperity of the region in the decades to come.

The multiple dimensions of recent crises have shaped a global context that has profoundly impacted economic, social, and political structures worldwide and in Latin America and the Caribbean (LAC). The confluence of various critical events has generated uncertainty and volatility, exposing vulnerabilities in all spheres of life, not only in specific areas or sectors, as in previous crises. These crises, with comprehensive and multiple impacts, have revealed the need to reconfigure the development approach to ensure a more stable future with comprehensive security for all in LAC.

Economic security, essential to guaranteeing the region's stability, must go hand in hand with social security, ensuring inclusion and equity in the distribution of the benefits of

development. Environmental security has also become an indispensable pillar, given the region's vulnerability to the effects of climate change and the need to promote an energy transition toward sustainable and clean sources. The integration of technological and digital security is also critical, as technological advancements offer great opportunities, but also pose risks in terms of cybersecurity and access gaps.

In this sense, the «multi-security» or

«comprehensive security» approach not only suggests a response to current crises, but also proposes a long-term vision in which the capabilities of States, companies and individuals are proactively strengthened to face future threats. This requires identifying current and potential risks, strengthening institutions, and promoting investment in strategic projects aimed at sustainable and equitable development. Moreover, technical and professional education and training are key to preparing the

ALIDE recognizes that the role of Development Banking is fundamental in this uncertain environment, acting as a key driver for economic, social, and environmental recovery and progress.



population for the challenges and opportunities of the future, boosting productivity and innovation.

ALIDE recognizes that the role of Development Banking is fundamental in this uncertain environment, acting as a key driver for economic, social, and environmental recovery and progress. Under the theme «From global crisis to comprehensive security: Development Banking, shaping the future of Latin America,» the assembly aims to address the need for a comprehensive recovery strategy that not only reactivates economies, but also promotes multi-security encompassing economic, social, environmental, technological, and digital dimensions, among others.

In this sense, from the perspective of ALIDE and Development Banking, we seek to answer general and broad questions, such as: Is a more secure world possible in its multiple dimensions? How can countries, individually and collectively, contribute to this goal? How important are development banks in addressing these different dimensions of

insecurity? How to achieve adequate and sustainable access to financing? Is the current international financial system functional for development financing in these circumstances?

FINANCIAL STRENGTHENING IN THE FACE OF CRITICAL GLOBAL SITUATIONS: STRATEGIES TO MITIGATE IMPACTS IN LAC

LAC faces multiple challenges arising from critical global events that require it to delve deeper into the design and implementation of policies and instruments to strengthen its financial capacity to minimize and better manage the risks and negative effects of such events, thereby improving its response to global or internal shocks. This includes not only economic diversification or diversification of income sources to reduce dependence on volatile international factors, but also financial and commercial self-sufficiency, strengthening LAC's integration into global markets in a more competitive and secure manner. In addition, it is crucial that LAC be prepared to face crises of various kinds, such as social violence or

changes in policies and international trade, in order to minimize their negative impact. Here we will analyze innovative instruments that can be implemented to address unexpected situations, financial tools that not only improve crisis response capacity, but also strengthen the regional economic system, promoting stronger and more sustainable long-term growth.

ON THE ROAD TO REGIONAL ENERGY SECURITY

In terms of energy security, LAC faces significant challenges, exacerbated by global crises, climate change, and economic fluctuations. Ensuring reliable and sustainable access to energy resources is crucial for the region's development and stability. Although progress has been made in renewable energy, the region remains dependent on fossil fuels; in 2022, 56% of LAC's energy matrix came from nonrenewable sources, making it vulnerable to fluctuations in international oil prices, environmental risks, and geopolitical instability. Addressing this challenge requires significant





To ensure food security, it is crucial to adopt sustainable agricultural practices that increase productivity and conserve natural resources, as well as diversify production to reduce vulnerability to specific crises.

investments in infrastructure, such as the modernization of distribution networks, energy storage, and the development of transition technologies, as well as political will for greater regional energy integration. From the perspective of development banks, the following will be explored: how can they facilitate LAC's transition to a more diversified energy matrix that is less dependent on fossil fuels? What strategies can they implement to finance the modernization of energy infrastructure? How can they collaborate with governments and the private sector to promote investment in renewable energy? How can they contribute to regional

energy integration to optimize the use of renewable resources in LAC? How can they drive innovation in energy transition technologies? What innovative financing mechanisms could they develop to support the implementation of renewable energy projects?

FOOD SECURITY AND AGRICULTURAL FINANCING

LAC is one of the regions most affected by climate change, with direct impacts on agricultural production. It is estimated that agricultural losses due to extreme weather events could reach US\$29 billion annually by 2050 if no action is taken. To ensure food security, it is crucial to adopt sustainable agricultural practices that increase productivity and conserve natural resources, as well as diversify production to reduce vulnerability to specific crises. In this context, it is important to analyze how can Development Banks promote strategic investments in agricultural

infrastructure to improve resilience to extreme weather events and ensure sustainable production? How can they provide support to producers in crop diversification to reduce vulnerability and strengthen food security? What role can they play in financing advanced agricultural technologies that increase productivity and resilience? What programs or funds can be created to promote agricultural digitalization and improve small farmers' access to markets? What financing strategies can reduce food dependency in LAC and promote self-sufficiency? How can they contribute to the creation of public-private partnerships that drive innovation in the agricultural sector?

The General Assembly's activities will include bilateral interviews, the presentation of the 2025 ALIDE Awards and the Bank of the Year title. In addition, various workshops and special panels will be held, such as special lectures on: the scope of public finances to sustain economic and social stability in LAC; and investor and financier security: banking supervision and regulation; good corporate governance; anti-corruption and anti-money laundering standards; digital security and safeguarding of critical infrastructure in the era of digital transformation; strengthening employment and social security in the context of technological transformation; rural food security: sustainable financing for small producers, incorporation into value chains; global alliances for climate security, biodiversity, and regional resilience; social security: responses to climate and health emergencies; and security of opportunity: towards a more gender-inclusive banking system, among other topics of current relevance.

Interview with Juan Cuattromo, President of Banco de la Provincia de Buenos Aires (BAPRO), Argentina

BAPRO recovers its historical role of accompanying the productive sectors with an innovative imprint and always close to the needs of the province of Buenos Aires; seeking to facilitate access to financing and gaining in scale and efficiency, but attending to its ultimate objective of expanding productive capacities and quality employment.

1. CONSIDERING THE EXPECTATIONS AND CHALLENGES OF THE ARGENTINE ECONOMIC CONTEXT IN RECENT YEARS, HOW DO YOU EVALUATE THE PERFORMANCE OF BANCO PROVINCIA?

Without a doubt, the context of our first stage of management, which began in January 2020, was very different from the new scenario that was installed since December 2023.

During the first four years we were able to carry out an expansive credit policy oriented towards the productive sectors, with a focus on SMEs. We grew strongly in loan placement, including during the pandemic. A study carried out with Banco BICE of Argentina on a group of companies showed that those that received our financing with special rates were able to sustain their workers and recover the level of activity faster than those that did not receive assistance from the Bank.

In parallel, we faced a process of technological renewal that included the renewal of our entire digital ecosystem with the expansion of new products and platforms. Also, we grew in our network of ATMs and non-bank service centers.



In summary, the bank recovered its historic role of accompanying the productive sectors with an innovative imprint and always close to the needs of the province of Buenos Aires.

However, the policies implemented throughout 2024 were far from beneficial for the productive sectors, particularly for SMEs. The increase in the price of public services and other goods in the economy, combined with the stagnation of wages, produced a retraction in consumption.

In this context, in public banking we

seek to make all our tools available to the province of Buenos Aires in order to traverse this adverse situation: we offer credits with special rates for businesses and SMEs, we carry out promotions to boost consumption and we provide segmented personal loans according to the credit capacity of each customer. Moreover, we deepened the digital transformation strategy in order to grow in the offer of efficient and low-cost financial services.

2. WHAT ROLE DOES THE BANK PLAY IN PROMOTING THE POPULAR



ECONOMY AND STRENGTHENING THE MOST VULNERABLE SECTORS, PARTICULARLY IN TIMES OF CRISIS?

As a public bank, financial inclusion is one of our priorities. Our objective is to provide quality financial products and services in the best conditions that the Argentine financial system can offer.

We have various lines of credit with special rates, both for individuals and companies. Moreover, through other institutions that make up the province's public banks, such as Provincia Microcréditos and Grupo Provincia Servicios Financieros, we accompany microentrepreneurs and cooperatives.

Also, through Incluir (Include), our financial education program, we work on training various segments so that they can make the most of the tools that we offer. We believe that, for public banks, financial inclusion also implies a pedagogical dimension so that no one is left out.

3. HAVE YOU HAD TO ADAPT YOUR STRATEGIES TO MEET THE SPECIFIC NEEDS OF MSMEs IN THIS CONTEXT OF CHANGES IN THE COUNTRY'S ECONOMIC POLICY?

SMEs are our main customers and receive 73% of all loans to companies. Lending to SMEs atomizes risk and has a multiplier effect on the economy. With that objective, almost 70% of loans to companies have attenuated rates, whether by the Bank or through agreements with provincial ministries. Years ago, we also developed lines with subsidized rates through agreements with national organizations such as FONDEP, but the current government administration eliminated those options.

In the current context, in the Buenos Aires public banking we are redoubling our efforts to develop financing tools under the best conditions that the



As a public bank, we put all our tools at the disposal of the province of Buenos Aires: we offer loans with special rates for businesses and SMEs, we run promotions to boost spending, and we provide personal loans segmented based on each client's creditworthiness.

banking system can offer. We also launched lines for specific sectors that are going through a particular situation. For example: loans for tourism SMEs, prior to the start of the season; or loans for companies affected by extreme weather phenomena, as happened recently in the city of Bahía Blanca.

The challenge is to sustain the role of development banking, adapting the forms of risk assessment and credit origination. We seek to facilitate access to financing and gain in scale and efficiency, but attending to our ultimate objective of expanding productive capacities and quality employment.

4. THE BANK HAS BEEN A PIONEER IN DIGITAL BANKING WITH INITIATIVES SUCH AS CUENTA DNI AND ECHEQ. HOW HAVE THESE TOOLS CONTRIBUTED TO THE FINANCIAL INCLUSION AND EFFICIENCY OF THE INSTITUTION, AND WHAT TECHNOLOGICAL INNOVATIONS DO YOU PLAN FOR

THE FUTURE?

Since 2020, the Bank has faced a very important digital transformation process, the biggest milestone of which was the launch of its digital wallet Cuenta DNI. But we also developed other digital products and platforms: the eCheq, the collection app Cuenta DNI Comercios, a new home banking, the marketplace Provincia Compras, the technological solution for agricultural producers Procampo Digital, are the most outstanding.

Based on these developments, we doubled the number of customers, which went from 4.7 to more than 10 million. Moreover, while before only 4 out of 10 customers operated through digital channels, today it is 8 out of 10.

All banks today are essentially technology companies, because we offer financial products and services through fundamentally digital channels. As an institution that celebrates

its 203rd anniversary, we have the challenge of continuing to work on our own digital transformation. For example, in March 2025 we reached the milestone of originating more than 100,000 personal loans in one month, with more than 70% of operations carried out entirely through digital channels.

This was possible because we launched a new functionality through our digital wallet Cuenta DNI: the option to manage loans in a simple and quick way. With this new service, a new stage begins for our digital wallet, because in addition to all the options that it offers as a means of payment, it now adds the possibility of accessing financing and positions itself as an ally for the personal growth of the people of Buenos Aires, transforming the solution into a center of simple, accessible and transparent financial services.

For us, it is fundamental that these new technological tools be accessible to everyone. Hence, we work on various financial education projects through our Incluir program. Because it's not just about implementing an app or a new digital product, but about guaranteeing that people know how to and want to use it.

Our objective as public banking is to develop an interoperable, free and scalable payment system that simplifies people's lives.

5. IN TERMS OF FINANCIAL INCLUSION, WHAT CAN YOU TELL US ABOUT PROVINCIA MICROCRÉDITOS?

Provincia Microcréditos is one more tool that we found to financially assist a segment of microentrepreneurs and independent workers who are difficult for us to accompany through the Bank due to regulatory issues.

Currently, the company has 61 thousand credits in force and, since we began our management, it grows in placements year after year. We went from delivering 25 thousand credits in 2020 to almost 41 thousand in 2024.

During the last 5 years we have made several advances to boost the scope of Provincia Microcréditos: we incorporated the gender perspective, offering a differential rate for women; we made agreements with municipalities for them to finance the rates of loans in their districts; we diversified the lines to adapt them to the different needs: working capital, investment, agriculture. Based on agreements with universities, we organized free trainings in digital tools and other topics so that our customers could improve their commercial activity.

In summary, we are very proud of the evolution of our microfinance banking because it is helping to transform the lives of many people who are growing with their activity and perhaps, at some point, they will be able to transform their endeavor into an MSME.

6. PERHAPS, ONE OF THE RECURRING THEMES IN RECENT YEARS IS DEINDUSTRIALIZATION. HOW HAS THE BANK BEEN SUPPORTING INDUSTRIAL DEVELOPMENT IN ARGENTINA? SINCE 2020, 39% OF CREDITS TO COMPANIES CORRESPOND TO THE INDUSTRIAL SECTOR.

Historically, the bank had a very close connection with this segment because the province of Buenos Aires is a province with a very strong industrial tradition. The growth of the Buenos Aires suburbs during the second half of

As a public bank, we put all our tools at the disposal of the province of Buenos Aires: we offer loans with special rates for businesses and SMEs, we run promotions to boost spending, and we provide personal loans segmented based on each client's creditworthiness.





the twentieth century is closely linked to the industrial development of the province. In the last 20 years, industrial parks have gained importance: throughout the Buenos Aires territory there are 94 groupings of this type, where 2,929 companies operate.

Hence, the bank's commitment to the sector is total: we provide financing with subsidized rates and seek to develop innovative products and services that cover all the needs of industrial SMEs.

The problem is that when there is a macroeconomic scheme that threatens production, when there are no national public policies to promote exports and protect Argentine labor and safeguard the domestic market, financing is not a solution and ends up working, in some cases, as a palliative and not as a tool for development.

These tensions have, in turn, a global expression where instability and changes in the rules of the international game express a growing pressure on the geolocation of industrial activity and the benefits that it brings with it.

7. GIVEN THE ROLE OF THE AGRO-EXPORT SECTOR, HOW HAS THE BANK ADAPTED ITS PRODUCTS

AND SERVICES TO ATTEND TO THE SPECIFIC NEEDS OF THIS SECTOR?

Both because of its historical link with the bank and because of the present circumstance of the sector, the Buenos Aires agro-industrial complex is one of our main customers, to such extent that it receives more than 50% of all loans aimed at companies. Therefore, we are very aware of the specific needs of this segment and seek to offer innovative alternatives to finance it, according to each particular situation.

For example, during the last edition of Expoagro, the most important agro-industrial exhibition in Latin America, we offered credits in dollars at a 0% rate for the purchase of agricultural machinery. Moreover, for exporting SMEs we have credits in dollars to pre-finance exports. We also have other lines in pesos to promote exports. For example, to finance participation in international fairs and events that allow companies to contact potential buyers abroad. As well as loans to manage quality and sustainability certifications, which in many cases turn out to be indispensable to access some international markets. As I already mentioned, in 2023 we launched Procampo Digital, our technological

solution for financial services for agriculture.

Aside from that, we developed the Vincular (Connect) program, an initiative that arose during the pandemic and continued due to its good results. It is a series of commercial meetings organized by the Bank to connect SMEs that want to export with potential buyers abroad.

8. OIL AND ENERGY ARE INCREASINGLY IMPORTANT IN THE ARGENTINE ECONOMY, AND WE OBSERVE GREAT POTENTIAL. IS IT A FOCUS OF THE BANK'S ATTENTION? HOW ARE YOU SUPPORTING IT?

In recent years, a cycle of expansion of hydrocarbon production began in the country, which allowed the country to travel the path towards energy self-sufficiency. Beyond the growth of the oil and gas sector, this development is accompanied by significant needs in terms of transport and logistics infrastructure, which the Bank is in a position to accompany to the extent that they represent a boost to the productive capacity of the province of Buenos Aires.

In this regard, in the last year we expanded financing to companies in the sector, more than doubling the inflation levels, which significantly increased their participation in the Bank's credit portfolio.

Despite the drop in the level of economic activity, this sector succeeded in growing in the last year and improving its credit profile, exhibiting a level of irregularity (delinquency) of 1%, below the average of the Bank's commercial portfolio. For all these reasons, we consider that the energy sector has significant growth potential for the coming years, beyond the volatile environment that macroeconomic policy may imprint.



9. GIVEN THE NEED FOR FINANCING, ESPECIALLY FOR LONG-TERM INVESTMENT, WHAT ARE YOU DOING TO ATTRACT MORE RESOURCES AND MOBILIZE PRIVATE CAPITAL?

The idiosyncratic factors of the Argentine economy, and of its financial system in particular, require banks to constantly adapt to recurrent changes in context. In our case, the management of assets and liabilities seeks to emulate best practices, also taking into account that, as a development institution, the Bank has its own mandate, aimed at favoring the productive conditions of the province of Buenos Aires.

In recent years, the Bank improved the relative share of private funding in relation to public funding, while seeking to efficiently manage its liabilities and intelligently manage its public and private portfolios, taking into account the restrictions imposed by the adverse macroeconomic context and the reiterated changes in monetary policy.

At the Bank, we will continue to ensure compliance with the technical relationships demanded by the monetary authority in terms of exposure to the public sector, concentration of assets and liabilities, and capitalization levels, among others.

As a public development banking, our objective is to produce the best conditions to accompany the people of the province of Buenos Aires with a competitive and sustainable credit offer, something that was reflected in a great improvement in the entity's debt rating.

10. ANYTHING ELSE THAT YOU WOULD LIKE TO TELL US ABOUT THE CURRENT OR FUTURE ACTIVITY OF BANCO PROVINCIA TO SUPPORT THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY



In this second term at the head of the institution, we set out to strengthen the lines of management originally proposed: to foster productive development, promote credit and payment method innovation, and expand our proximity banking work within the territory of the province of Buenos Aires.

Though the conditions under which public banking performed in the last year were far from optimal, at the Bank we made our best effort to satisfactorily fulfil our goals and accompany the government of the province of Buenos Aires in its task of improving the living conditions of the people of Buenos Aires.

Looking ahead, we will continue to safeguard the Bank's assets. We are going to advance in the improvement

of our digital marketing channels and in the continuous development of the payment infrastructure to accompany the people of the province in the best way.

We are in a complex, unstable world with multiple geopolitical tensions that reinforce the need to plan sustainable and inclusive growth strategies for the region and each of our countries. In this collective task, the role of the financial system in general, and of development banking in particular, will prove to be fundamental to articulate actions that allow mobilizing resources and capital towards strategic sectors without ever losing sight of the medium-term objectives that guide us; that is to say, broad, inclusive and sustainable development in the living conditions of our citizens.



Interview: Henry N. Anderson, CEO of Development Finance Corporation (DFC) of Belize

DFC, on the path to a strategic and modern development finance institution (DFI) in Belize, together with the Caribbean DFIs, advocates for special attention to DFIs in smaller economies as part of the development of a new global financial architecture.

1. WHAT IS DFC'S STRATEGIC VISION, STARTING IN 2025, IN THE CONTEXT OF SUSTAINABILITY AND INCLUSIVE DEVELOPMENT FOR THE COUNTRY?

The Development Finance Corporation (DFC) has identified four strategic thrusts that align with Belize's national development plan: Building Strategic Alliances, Broadening Impact, Climate Resiliency and Gender Mainstreaming, and Digital Transformation. In 2025, DFC aims to expand its portfolio by supporting the private sector with climate-smart investments across the productive, housing, and education sectors, with a particular focus on women and women-led businesses.

DFC is currently in phase two of the Green Climate Fund accreditation process and expects to achieve accreditation by October 2025. This accreditation will enable DFC to offer a range of financial solutions, including lending, blending, guarantees, grants, and equity, to support project and thereby enhancing its role as Belize's development bank. DFC has also commenced the process to attain Adaptation Fund accreditation.

Moreover, DFC is overhauling its core



management system and enterprise resource planning (ERP). The new core management system, developed by Creatio, is based on a no-code platform with embedded AI and a comprehensive customer relationship management system. This system provides DFC with the flexibility to

map workflows and make changes without coding. As part of this upgrade, DFC has automated its Environmental and Social Management System (ESMS) and is implementing an automated Monitoring, Evaluation, Accountability, and Learning Strategy. The data captured in the new CMS

will be available for analysis and reporting, propelling DFC towards becoming a digital-first organization. This transformation will enable DFC to offer seamless digital experiences to clients, increase productivity by improving the return on time invested, and measure impact in near real-time. The new ERP was launched on February 1st, and the new Creatio core management system is expected to launch on April 2nd, 2025.

2. IN 2024, DFC MADE SIGNIFICANT EFFORTS IN LOAN PLACEMENTS FOR THE AGRICULTURE, CONSTRUCTION, AND TOURISM SECTORS. COULD YOU SHARE INSIGHTS INTO THE RESULTS OF THESE ACTIVITIES DURING THAT YEAR, PARTICULARLY IN TERMS OF LOAN DISBURSEMENTS AND THEIR IMPACT ON LOCAL ECONOMIES?

Since 2021, the DFC has consistently achieved its best annual performance in loan activity and loan quality over the past five years. The year 2024 was no exception, with record levels of approvals and disbursements, and the portfolio quality reaching its highest standards. Following the COVID-19 pandemic, the non-performing loan percentage was reduced from 25.79% to 8.86% by the end of 2024, well below the benchmark of 15%.

DFC's investments have had a significant impact on the Banana, Cattle, and Shrimp industries. In 2024, banana exports increased by 129% in volume and 131% in value compared to 2023. Cattle exports to Mexico saw a 136% increase in volume and a 146% increase in value during the same period. It took nearly twenty years for Belize to export cattle to Mexico, and DFC played a crucial role by financing the necessary infrastructure and providing funding to farmers of all scales, enabling them to capitalize



on this opportunity. Since the market opened in Mexico, the price of cattle on the hoof has tripled.

In the Shrimp industry, DFC made an equity investment in a leading farm that utilizes a recirculating aquaculture system and financed the adoption of intensive farming technology to prevent the Early Mortality Syndrome (EMS) disease, which had devastated the industry around 2015. With survival rates now at about 90%, even with above-average rainfall, production is scaling up, and exports to Asia are expected to begin in the third quarter of 2025.

Loans to MSMEs doubled in 2024 compared to 2023, with 77% of loans made to women-led or businesses.

3. HOW DOES DFC BALANCE ITS APPROACH BETWEEN FINANCING SUSTAINABLE DEVELOPMENT AND SUPPORTING THESE KEY ECONOMIC SECTORS?

Given the significance of these sectors to Belize's economy, the DFC is committed to supporting their development and promoting resilience and transition. However, achieving resilience poses a fundamental challenge due to Belize's vulnerability to physical risks.





SHARE WHICH INNOVATIVE FINANCIAL INSTRUMENTS DFC HAS IMPLEMENTED TO MEET THE NEEDS OF THESE EMERGING SECTORS IN THE COUNTRY?

In partnership with the CARICOM Development Fund (CDF), the DFC has launched the Credit Risk Abatement Facility (CRAF). This facility enables DFC to extend Renewable Energy (RE) and Energy Efficiency (EE) loans to clients who lack collateral. The CRAF offers DFC an 80% guarantee of the portion of the credit that remains unrecovered after all recovery measures have been exhausted. Additionally, the CDF provides engineering services to prospective clients to evaluate the technical requirements for RE projects and develop a bankable business plan, which DFC can use to assess the project and provide financing.

In the tourism sector, DFC utilizes land collateral and insurance to safeguard larger investments. Climate considerations have been integrated into our portfolio for several years, and we encourage clients to make climate-smart investments. The implementation of our Environmental and Social Management System further enhances our ability to support clients in building resilience in their investments.

It's important to note that our farmers are inherently resilient and, with the help of countercyclical financing and moratoriums, have managed to recover from climate-related events.

The situation is different in agriculture. As a small economy, Belize, along with the entire CARICOM region, lacks the financial tools to effectively derisk and manage this vulnerability. We guide and encourage our farmers to undertake climate-smart investments. Our risk appetite policy dictates the percentage of investments allocated to the productive sector, balancing these risks with investments in the housing sector. It is important to note that our farmers are inherently resilient and, with the aid of countercyclical financing and moratoriums, have managed to rebound after climate events.

Regarding DFC's relationship with its creditors, it is supported by a sovereign guarantee, although DFC has consistently honoured its commitments. The COVID-19 pandemic underscored the necessity for DFC to continue taking risks in agriculture, as Belize was able to sustain itself when global activities came to a halt.

4. THE RISE OF SECTORS SUCH AS RENEWABLE ENERGY, THE CIRCULAR ECONOMY, AND CLIMATE SOLUTIONS CALLS FOR INNOVATIVE FINANCIAL INSTRUMENTS. COULD YOU

5. WHAT ARE THE BIGGEST CHALLENGES THAT DFC FACES IN MOBILIZING RESOURCES FOR SUSTAINABLE DEVELOPMENT IN BELIZE?

The primary challenge lies in securing funding from regional development banks to meet Belize's development needs. These institutions often finance projects that are currently in vogue. For instance, while funding is available for Micro, Small, and Medium Enterprises (MSMEs), Belize also requires financing for larger companies that need to make long-term investments to enhance their competitiveness in export markets. Due to our colonial history and structural economic weaknesses in certain sectors, we need targeted funding to address these issues. Even having a good credit rating doesn't help as our small market size often renders us invisible to be able to

bypass these financial institutions and go straight to market.

6. GIVEN THE INCREASING INCIDENCE OF EXTREME WEATHER EVENTS IN THE CARIBBEAN, COULD YOU SHARE HOW DFC HAS ADAPTED ITS CREDIT LINES AND DEVELOPMENT PROGRAMS TO HELP PRODUCERS MITIGATE RISKS AND ADOPT RESILIENT PRACTICES?

Answer: As previously mentioned, the DFC integrated climate considerations into its portfolio before the COVID-19 pandemic and further reinforced this with the implementation of our Environmental and Social Management System in 2023. Additionally, DFC offers technical assistance to clients, advising them on mitigation and adaptation measures. In the event of a disruptive occurrence, we provide counter-cyclical financing and adjust terms to ensure the recovery and success of the investment or project.

7. WHAT EFFORTS IS DFC MAKING TO PROMOTE FINANCIAL INCLUSION AMONG VULNERABLE GROUPS, SUCH AS WOMEN ENTREPRENEURS AND YOUNG FARMERS?

The DFC has introduced the We Empower product to support women and young people aged 18 to 29. This product reduces the requirement for land collateral, which is often a significant barrier for women and young men seeking financing for small business and productive sector loans including farming. DFC is positioning itself as the bank for women in Belize, striving to ensure equitable access to financial resources for women. The product was recognized by ALIDE at the 2023 General Assembly.

Additionally, DFC offers education loans and special education loans to

help young Belizeans pursue tertiary education. Special education loans provide 100% financing at lower interest rates, with repayment starting six months after the completion of studies. In Belize, twice as many women as men complete tertiary education. We are witnessing women taking on leadership roles, and data indicates that women are more reliable clients.

8. SMALL-SCALE AGRICULTURE IS KEY TO RURAL DEVELOPMENT AND JOB CREATION, YET IT FACES BARRIERS SUCH AS LIMITED ACCESS TO MARKETS AND TECHNOLOGY. HOW IS DFC SUPPORTING SMALL FARMERS IN OVERCOMING THESE LIMITATIONS AND INTEGRATING THEM INTO VALUE CHAINS?

The DFC focuses on strengthening value chains by financing both anchor firms with export market access and

smaller-scale farmers who supply these anchors. Since agriculture in Belize is relatively small-scale by global standards, it is crucial to work within a value chain to achieve scale. DFC structures loans and repayment schedules to align with sector activities. For instance, in the sugar cane industry, farmers repay DFC through deductions from their deliveries to the factory. During the off-season, farmers are not required to make payments. Additionally, DFC relaxes collateral requirements for smaller-scale farmers, particularly when value chain financing is available. Payments are facilitated through a deduction order signed by the farmer in favour of DFC and remitted directly from the factory to DFC.

9. WHAT CHALLENGES DOES DFC FACE, AND WHAT STRATEGIES DOES IT USE TO ATTRACT

The DFC has introduced the We Empower product to support young women and men between the ages of 18 and 29. This product reduces the land collateral requirement, which is often a major obstacle for young women and men seeking small business financing and loans for productive sectors, including agriculture.





INTERNATIONAL FUNDING FROM VARIOUS SOURCES TO ENHANCE ITS IMPACT?

Answer: The Belizean economy is relatively small, and consequently, the DFC currently lacks the ticket size and capacity to enter the market independently. The accreditation process for climate finance is notably slow; however, DFC is in the final stage of attaining Green Climate Fund accreditation. To attract financing, DFC has focused on improving its performance, broadening its scope, and modernizing its governance framework.

Recently, the Caribbean Development Bank approved a 9th consolidated line of funding for DFC, a process that took five months compared to three years for the 8th consolidated line. This expedited approval was largely due to DFC's improved performance and ability to demonstrate finishative. Additionally, Belize's macroeconomic performance post-COVID-19 has been exceptional.

10. IS THERE ANYTHING ELSE YOU WOULD LIKE TO SHARE REGARDING THE BANK'S OUTLOOK AND THE CARIBBEAN REGION'S DEVELOPMENT FINANCING PROSPECTS?

Belize's economy is relatively small, and consequently, the DFC currently lacks the trading volume and capacity to enter the market independently.

This year marks the emergence of the Development Finance Corporation (DFC) as an accredited, digital-first development finance institution with the ability to monitor outcomes and impacts in near real-time. Our new tools will serve as a model for other institutions to develop, scale, and emulate.

Aligned with our new corporate philosophy to be a leading development finance institution in the region and our strategic thrust to build strategic alliances, DFC continues to collaborate with Development Finance Institutions (DFIs) in the region to form the Caribbean Association for Development Finance Institutions and to join the Latin American Association of Development Financing Institutions (ALIDE). Last month, DFC, in partnership with the CARICOM Development Fund (CDF), hosted a panel at the FiCS 2025 in Cape Town, South Africa. The panel provided insights from the Caribbean and broader Small Island Developing States (SIDS) on the path to climate resilience. We also advocated for special attention to DFIs in smaller economies as part of the development of a new global financial architecture.

We are urging CARICOM countries to support the FiCS initiative at the upcoming meeting in Seville. It is crucial for us to be part of the dialogue to avoid remaining invisible, as many tools available to Public Development Banks (PDBs) are not applicable or accessible to our institutions due to size and risk perception. We look forward to continuing our participation in and collaboration with ALIDE.



Interview with Alexandra Restrepo, president of Fondo para el Financiamiento del Sector Agropecuario (Finagro), Colombia

Finagro reinforces its institutional mission by promoting development credit as a tool to improve the productivity and modernization of territorial production systems, integrating environmental sustainability criteria and contributing to the decarbonization of agriculture.

F1. WHAT DO YOU CONSIDER TO BE THE BANK'S MAIN CURRENT STRENGTHS, AND WHAT OPPORTUNITIES DO YOU SEE FOR STRENGTHENING ITS IMPACT ON THE COUNTRY'S RURAL AND AGRICULTURAL-LIVESTOCK DEVELOPMENT?

Finagro is a key player in the National Agricultural-Livestock Credit System (SNCA). As a development bank, we have driven agricultural-livestock and rural growth in Colombia for more than 35 years. Our ample background and solid experience have allowed us to develop an agricultural-livestock financing model that facilitates access to development credit throughout the country, through financial intermediaries, both public and private.

Our main strengths include a diversified portfolio of development credit lines, with preferential interest rates, designed to meet the needs of the country's different producers, such as small, medium and large producers, territorial entities and agribusiness, among others. These

lines are adapted to the production cycles of the agricultural-livestock systems of the various regions of Colombia.

Moreover, within our range of financial products, Finagro offers access to credit guarantees through the Agricultural-Livestock Guarantee Fund (FAG). This service acts as a backing for those producers who, on occasion, do not have sufficient suitable guarantees to back their credits, thus facilitating their inclusion into the financial system. In particular, this backing especially benefits small producers and the first link in the agricultural chain, where most of the agricultural-livestock risk is concentrated.

Additionally, among our strengths there is an efficient capacity to mobilize resources and a close coordination with the national Government. Especially, we work hand in hand with the National Agricultural-Livestock Credit Commission and the Ministry of Agriculture to support the design and implementation of financing

policies, the administration of subsidy and incentive resources, such as: the Special Line of Credit with a subsidized rate, the Rural Capitalization Incentive and the Agricultural-Livestock Insurance Incentive, aimed at strengthening financial inclusion, investment and agricultural-livestock risk management among agricultural-livestock producers.

As we all know and it is well known, Colombia has a national agricultural frontier of 40 million hectares; however, only approximately 30% of the soils within the agricultural frontier produce. Therefore, there is still a vital space for sustainable rural development, for food production and the strengthening of the country's economy. To take advantage of this opportunity, it is fundamental to continue promoting bank financing in the sector, and to address challenges such as: promoting the digitalization of financial services in the rural sector, strengthening guarantee mechanisms to expand financial inclusion, promoting agricultural-livestock risk management by promoting the use





of agricultural-livestock insurance, promoting associativity and the expansion of sustainable financing lines aimed at climate variability and change, while promoting the productive transformation of the country.

2. COULD YOU SHARE WITH US THE RESULTS OF YOUR ACTIVITIES DURING THAT YEAR, ESPECIALLY IN TERMS OF DISBURSEMENT OF CREDITS AND THE IMPACT GENERATED ON LOCAL ECONOMIES?

In 2024, we consolidated a solid operation that boosted the growth of agricultural and rural credit, strengthening Finagro's role as a key player in the country's productive transformation. Through the different financial intermediaries of the National Agricultural-Livestock Credit System (SNCA), \$39 billion pesos were placed, which represented a real growth of approximately 50% compared to 2023. Fulfilling and exceeding the goal of the Credit

Indicative Plan defined by the National Agricultural-Livestock Credit Commission (CNCA), we reached 155% compliance.

These resources benefited more than 302,000 agricultural-livestock producers, between individuals and entities, including 76,000 beneficiaries who accessed a loan under development conditions for the first time. This financing has promoted the development of key production chains, improving productivity, financial inclusion and generating employment in the rural sector.

As proof of the above, and despite the climate challenges associated with the El Niño phenomenon at the beginning of the year and La Niña in its final phase, the financing of the agricultural-livestock sector stands out as one of the important factors that allowed an outstanding growth of the sector of around 8.9% (DANE data), which was mainly driven by a coffee bonanza with an increase of 17.9%. This performance was due to

a 23% increase in production and an 88% increase in coffee prices.

Other key subsectors, such as agriculture and livestock, also showed significant economic growth, favored by increased exports of beef, Tahiti lime, avocado, cacao and flowers. In the agri-food and agro-industrial sectors, growth was 4.9% and 3.5%, respectively, reflecting the resilience and dynamism of the sector.

The participation of agriculture in the national GDP reached 9.9%, and when including the transformation of food and other industrial subsectors, the agro-industrial GDP represented 14.6%, with a value of \$166.2 billion in current values.

For its part, the sector's foreign trade closed with a positive trade balance, boasting a growth of 20.6% in exports and a reduction of 10.4% in imports. Coffee, flowers, bananas, palm oil and Hass avocado were the main exported products, consolidating their relevance in international markets.

We also continued to drive food production, with disbursements that amounted to \$10 billion in 2024. This allows us to continue betting on a country with Zero Hunger and on the goal of turning Colombia into an agri-food power.

3. IN THE CONTEXT OF THE CHANGING NEEDS OF THE AGRICULTURAL-LIVESTOCK SECTOR, DOES FINAGRO CONTEMPLATE UPDATING ITS MISSION, VISION OR STRATEGIC PLAN? WHAT KIND OF INSTITUTION DO YOU ASPIRE TO BE IN THE COMING YEARS?

Finagro has an Institutional Strategic Plan for this four-year period, which ends in 2026, and includes the guidelines of the presidential Government and the current National Development Plan. Therefore, for this four-year period, our current Institutional Plan is structured in such a way that Finagro has assumed a more strategic role as a Development Bank for the financing of the agricultural-livestock sector, with the purpose of promoting a positive dynamic in the distribution of development credit.

Its focus has not been limited to guaranteeing the availability of resources for the financial institutions that make up the SNCA, but also seeks to participate more effectively in directing credit towards the major objectives of the sectoral policy and the objectives of the national plan for this four-year period, aligning with the development goals established by the current Government.

The National Development Plan 2022-2026 establishes three key elements to transform the relationship of society with the environment and to promote a productive model aligned with nature. These transformations have the territory as their starting

point, with a focus on management around water that promotes a decarbonized, biodiversity-based and inclusive economy.

In this framework, the three fundamental elements that guide the Government's plan are, first, the Management of the Territory Around Water; second, the transformation of productive structures, substituting carbon-intensive models with clean and biodiverse economies, and third, sustainability, which must be accompanied by equity and inclusion as a principle.

In line with these objectives, during 2024 Finagro has been reinforcing its institutional mission, promoting development credit as a tool to improve productivity and modernize territorial production systems, integrating environmental sustainability criteria and contributing to the decarbonization of agriculture.

This is how the instruments and products that Finagro has implemented during 2024 have been aligned with the aforementioned government strategies, in factors such as: a) financing to ensure food sovereignty and zero hunger; b) the democratization of credit for agricultural-livestock development; c)

the establishment of instruments for the inclusion of the Popular Economy; (d) the establishment of instruments for agrarian reform; e) the promotion of financial schemes for knowledge- and innovation-intensive agricultural-livestock and agro-industrial chains; f) promotion of financing schemes for Colombia, an agri-food power based on new territorial opportunities; g) financing for adaptation to climate change and decarbonization of agriculture, and h) green financing for agroecology, bioinputs and bioproducts, among other factors.

We want to continue laying the foundations to consolidate Finagro as a more agile, sustainable entity aligned with the needs of the sector, which continues to innovate and strengthen access to sustainable financing, promoting rural development, equity and productive transformation in Colombia.

4. WHAT IMPACT HAVE THESE INITIATIVES HAD IN 2024, AND WHAT PLANS DO YOU HAVE TO EXPAND THEIR REACH AND GUARANTEE THAT RURAL PRODUCERS ADOPT MORE SUSTAINABLE PRACTICES?

Sustainability has been a cross-cutting axis in our management. In



this regard, Finagro reaffirmed its commitment as a strategic actor in the decarbonization of agriculture. As a reflection of this, at the end of 2024, we attained a real growth of 14% in the financing for investments with an environmental sustainability approach, going from \$1.837 billion in 2023 to \$2.097 billion in 2024, thus achieving a classification of Finagro's credit destinations with respect to their alignment with sustainable practices, practices of mitigation, adaptation and the criteria defined in the Green Taxonomy of Colombia.

Additionally, through the Productive and Sustainable Transformation Line, which began operations in the second half of 2024, we attained a placement of \$31 billion pesos. By comparison to the financing of these same destinations in 2023, we achieved an increase of 80%, demonstrating the effectiveness of this type of credit lines in promoting sustainable investments.

One of Finagro's main current commitments is to demonstrate that sustainable practices are not only environmentally responsible, but also financially viable. During 2024, we advanced in the development of financial models with an ecosystem approach for the production chains of cacao, coffee, rice, non-timber products, cassava and livestock. These models will provide key information to incentivize the financing of projects with a positive impact on sustainability.

These financial models are an effort that will allow the implementation of a «greening» route in Finagro's credit destinations, promoting actions that minimize impacts on biodiversity and ecosystems. In this context, and in compliance with the commitment to include environmental criteria in

100% of financing instruments by 2026, in 2024 we advanced in the design of the Alert and Monitoring System (SAM). This system, developed on the GeoAgro platform, will allow the management of environmental and social risks in productive projects financed with Finagro resources.

The SAM will allow the actors involved to register the location of their properties through georeferenced coordinates and delimit areas with satellite images. For projects that require further technical support, detailed geographic files will be incorporated. With this information, the platform will carry out an automated analysis and generate reports with the evaluation of environmental and legal risks, as well as recommendations for their mitigation. The design phase of the system was completed in 2024, and its pilot implementation will be accomplished in 2025.

5. WHAT MEASURES HAS FINAGRO IMPLEMENTED TO MAKE CREDIT MORE INCLUSIVE, AND WHAT RESULTS HAVE YOU OBTAINED SO FAR IN THIS REGARD?

In terms of financial inclusion, Finagro is banking on the democratization of agricultural-livestock credit, focusing especially on small producers, both individually and through the different associativity and collective credit schemes. These groups, which have traditionally been excluded from the formal financial system, are our priority. This approach not only seeks to broaden the base of beneficiaries, but also to increase the amounts of financing available, with the objective of strengthening their productive initiatives and reducing dependency on informal credit.

This is how we achieved 106% compliance with the indicative credit

target for small producers set by the CNCA, which was \$5.45 billion of the \$5.15 billion pesos estimated in the Indicative Credit Plan currently in force, represented by 271,782 producers, of which 71,412 producers entered an agricultural-livestock development credit for the first time.

In the same way, Finagro has actively promoted associative schemes and integration initiatives as key strategies to improve access to, and use of, financing for small producers. Through associative and integrative credits, in 2024, in coordination with the CNCA and the Ministry of Agriculture and Rural Development (MADR), we optimized the financing conditions for this type of actors, creating the conditions for simplified associative credit, thus promoting economies of scale and strengthening the competitiveness of the agricultural-livestock sector.

As a result, during 2024, SNCA financial institutions placed \$2.92 billion in 752 credit operations, a real growth of 60% vis-à-vis 2023 and a 234% increase in the number of operations, benefiting more than 27,000 producers. This type of mechanism has expanded the coverage of development credit, improving the allocation of resources and boosting productivity, consolidating the sustainability of the countryside, the development of value chains and their capacity for growth in national and international markets.

6. IN WHAT WAY IS FINAGRO CONTRIBUTING TO STRENGTHENING AGRI-FOOD VALUE CHAINS AND GUARANTEEING THE SUSTAINABILITY OF AGRICULTURAL PRODUCTION?

Agricultural-livestock credit, to a certain extent, has contributed to

increasing the productivity and efficiency of some agricultural-livestock chains in the country, which generate positive increases in agricultural-livestock GDP, boosting, in turn, investment in the sector, the generation of employment and the generation of value for agricultural-livestock products.

As we have already underscored, it is important to mention that of the \$39.4 billion pesos placed between January and December 2024, 81% of this value (\$31.6 billion) was directed to financing the production and transformation link (\$20 and \$11 billion, respectively).

That is to say, we seek to promote agro-industrial projects and models that seek to integrate small and medium-sized producers into value chains. This means that, in addition to financing for productive activities in the field, we offer resources that support the infrastructure and the processing, storage and distribution stages, allowing producers to add value to their production before reaching the market.

In the same way, Finagro has actively promoted associative schemes and integration initiatives as key strategies to improve access to, and the use of, financing for agricultural-livestock production. Through associative and integrative credits, in 2024, in coordination with the CNCA and the MADR, we optimized the financing conditions for this type of actors, creating the conditions for simplified associative credit, promoting economies of scale and strengthening the competitiveness of the agricultural sector.

7. WITH THE INCREASE OF GLOBAL ECONOMIC VULNERABILITIES AND FISCAL CHALLENGES, HOW IS FINAGRO FINANCING ITS



PROGRAMS AND THE GROWING DEMAND FOR CREDIT? WHAT RESOURCE SOURCES HAVE BEEN KEY TO ENSURING THE SUSTAINABILITY OF YOUR OPERATIONS?

It is important to remember that Colombia has the SNCA, created by Law 16 of 1990 and that it also created Finagro, which has allowed the country and public policy in the field of agricultural-livestock financing to have an institutional mechanism or model that has succeeded over time – an intangible that we must preserve – in irrigating credit under conditions of promotion, in soft conditions and constantly every year.

Through the administration of the Agricultural-Livestock Development Titles (TDA), we have succeeded in irrigating year after year very important resources to promote the growth of all agri-food chains, especially those made up of small producers.

Though the needs of Colombian agriculture are very broad, Finagro's resources have been sufficient and adequate to meet the demand in accordance with the requests of financial intermediaries. We believe that as our intermediaries apply for and extend more credit to the agricultural-livestock sector, they can be confident that the financial

structure of the national credit system will always guarantee the necessary resources.

However, we have been working with international cooperation organizations to structure alternative funding sources, aimed at promoting long-term financing and with sustainability criteria, that promote the productive and energy transition in Colombian agriculture, which is how we have been working with entities such as the World Bank, IDB, among other organizations, in pre-feasibility and feasibility analyses to promote and structure funding sources alternatives to those that we currently obtain through TDAs, which allow us, for example, to issue green bonds, or other types of credit lines with deadlines of more than 10 years for strategic investments in the sector.

8. HOW HAS FINAGRO ADAPTED ITS CREDIT LINES AND DEVELOPMENT PROGRAMS TO HELP PRODUCERS MITIGATE RISKS AND ADOPT RESILIENT PRACTICES?

In coordination with the CNCA, the financial conditions of credit lines have been adjusted to promote adaptation to climate change in the agricultural-livestock sector. Currently, the line with the best conditions of Finagro in development credit is the Sustainable



Productive Transformation Line. With this line, as we mentioned previously, we seek to provide resources to materialize the country's potential around sustainable production, financing issues such as adequate water management, practices resilient to climate change, promotion of the forest economy, technical support, among others. At Finagro we are committed to an agriculture that is resilient to climate change, low in emissions production and in harmony with the environment.

For its part, with the support of the MADR, we have been promoting access to, and the use of, agricultural-livestock insurance, as an important tool for risk management for producers. We administer the incentive to the premium of these insurances, where the national Government provides support with up to 95% of the cost of the premium. In 2024, we granted \$120 billion pesos in premium subsidies, thus benefiting more than 88,000 producers in 999 municipalities, ensuring approximately 121,000 hectares, 192,000 poultry, 906 animals and 38,000 productive units through multiactivity.

9. HOW IS FINAGRO WORKING WITH LOCAL GOVERNMENTS AND OTHER INSTITUTIONS TO PROMOTE RURAL DEVELOPMENT IN MORE REMOTE AREAS OF THE COUNTRY?

Territorial entities or local governments have become a strategic ally to promote investment in agriculture, especially to be able to focus strategic investments that correct structural failures in production and marketing, through rural public goods and services. Finagro has designed and structured a line of credit called «Agroterritorial» with which it seeks to grant at the fore of the departments, districts and municipalities, the financing of



projects that contemplate: equipment, machinery and infrastructure for production, transformation or marketing, as well as investment in land adaptation and irrigation, investment in tertiary roads, electrification, among others.

Finagro has defined an agenda with different territorial entities, which it also advises in order to identify the best financing options according to their needs and capacities, and it also provides advice on projects so that they meet credit requirements, in such a way that we facilitate access to this type of credit and encourage investment in this type of goods and services.

10. FINAGRO HAS STRATEGIC RELATIONSHIPS WITH VARIOUS INTERNATIONAL ORGANIZATIONS SUCH AS THE IDB AND CAF. HOW ARE YOU STRENGTHENING THESE PARTNERSHIPS TO MAXIMIZE THE IMPACT OF YOUR PROGRAMS, AND WHAT NEW JOINT PROJECTS MIGHT WE EXPECT IN THE FUTURE?

We are actively working with these and other entities with which we have established strategic alliances

within the framework of technical cooperation, with the objective of promoting projects aimed at modernizing and strengthening our institution. This effort includes the technological and digital transformation of Finagro, as well as the technical strengthening to integrate environmental criteria into our credit lines. Moreover, we are designing and implementing the Environmental and Social Risk Management System (SARAS) and other due diligence processes, promoting the strengthening of financial education, and advancing in the design of our Monitoring and Evaluation System, among other projects. We have also carried out feasibility analyses to structure funding alternatives.

Looking ahead, we can expect Finagro to continue consolidating these alliances, leveraging expertise and specialized technical assistance in order to strengthen our capabilities. In this way, we will seek to consolidate ourselves as an entity that meets the highest corporate standards and become a benchmark for other development entities, multilateral banks and international organizations.

Food security and sustainable agriculture: a global and regional approach

Development Banking as a key player in the promotion of sustainable agriculture, through the financing of projects that foster the resilience of the sector and the implementation of responsible agricultural practices.

The Food and Agriculture Organization of the United Nations (FAO) considers that food security exists when «all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and preferences, in order to lead an active and healthy life»¹. This definition underscores the multidimensional nature of food security, which goes beyond the simple availability of food and includes factors such as equitable access, stability in supply and the proper utilization of resources.

The FAO states that food security is based on four primary dimensions: availability, access, utilization and stability²:

- ▶ **Availability** refers to the physical presence of sufficient food through domestic production, imports, and reserves.
- ▶ **Access** implies that people have the economic and physical capacity to obtain adequate food.
- ▶ **Utilization** pertains to the nutritional value of food and its proper consumption, considering factors such as sanitation and food education.
- ▶ **Stability** ensures that the other three dimensions are maintained over time, avoiding fluctuations



due to economic crises, natural disasters or conflicts.

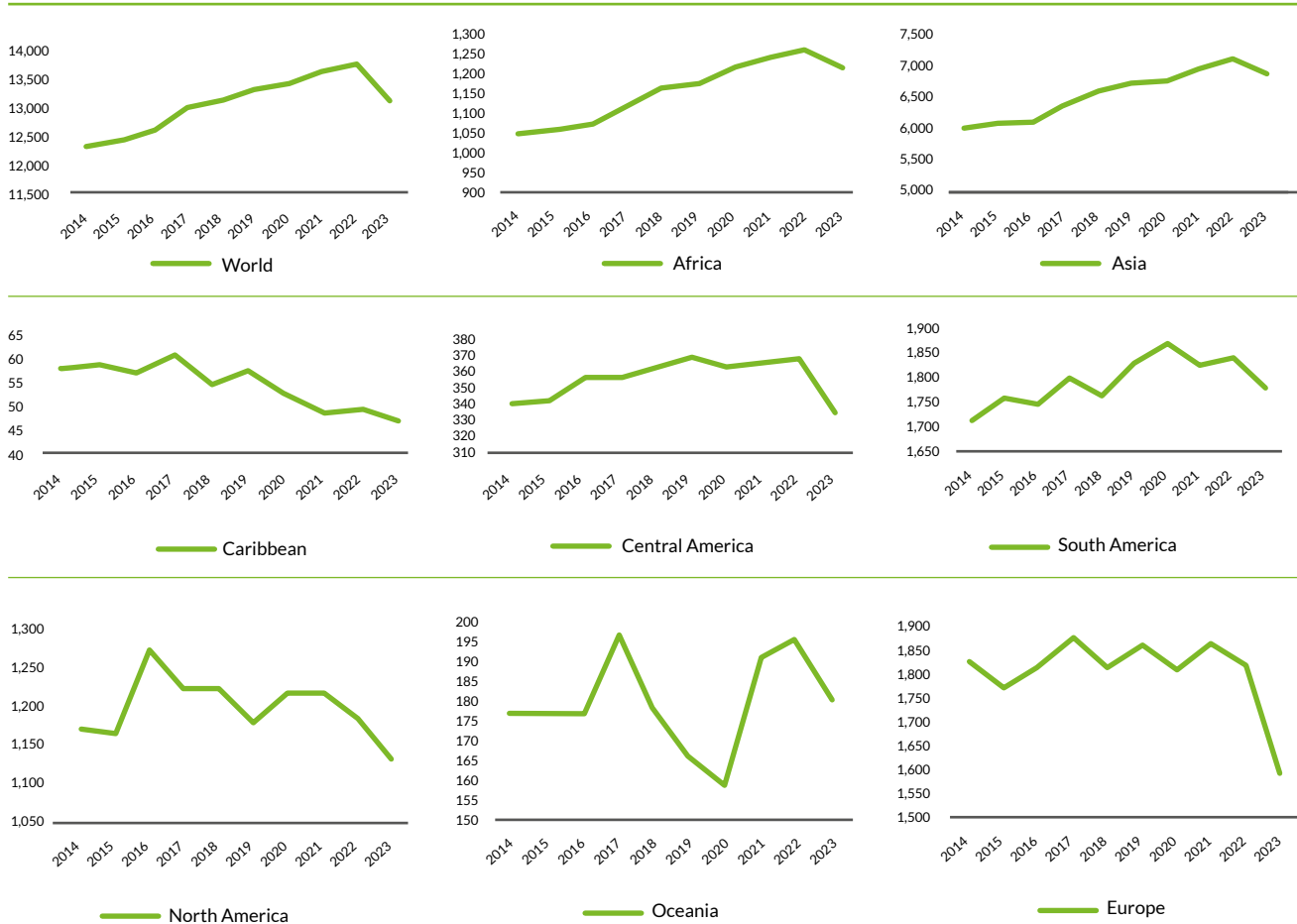
FOOD SECURITY AND GLOBAL SUSTAINABLE AGRICULTURE

At the global level, food security confronts challenges such as climate variability, instability of agricultural markets and pressure on natural resources. It is estimated that between 713 and 757 million people — that is, between 8.9% and 9.4% of the world's population — could have suffered from hunger in 2023³.

Global food production, directly related to the availability and access components of the definition of food security, has shown significant variations due to extreme weather events. In 2024, global agricultural production showed significant variations due to extreme weather conditions. After a prolonged series of months with exceptionally high global average temperatures, 2024 was the warmest year on record to date, according to the World Meteorological Organization (WMO)⁴. The biotic



Figure 2. Amount of agricultural-livestock production 2014-2023 (million of tons)



Crafted in-house with data from FAOSTAT.

and abiotic stress resulting from these high temperatures contributes to losses ranging from 30% to 50% of global agricultural productivity⁵. These losses in the amount of food production, measured in millions of tons, have been observed in all regions since 2022 (see image 1).

OVERVIEW OF LATIN AMERICA AND THE CARIBBEAN (LAC)

LAC is one of the most important regions in global food production, but it confronts serious challenges in terms of food security and agricultural sustainability. Despite its productive potential, more than 22% of the region's population suffers from moderate or severe food insecurity. LAC ranks as the world's second

The Development Bank promotes projects and financing programs that seek to improve agricultural productivity without compromising natural resources.

region most exposed to extreme weather events, after Asia.

At least 20 LAC countries face a high frequency of such events, which indicates a significant exposure, and 14 are considered vulnerable because they are more likely to have an impact on undernourishment due to these phenomena. In the face of these challenges, various initiatives have emerged to promote more sustainable agri-food systems for the countries of the region:

- ▶ **Global Information and Early Warning System for Food and Agriculture (GIEWS):** continuously oversees food supply and demand and other key indicators to assess the overall food security situation.
- ▶ **Regional System for Intelligence and Monitoring of Agricultural Markets (Simmagro):** Central American virtual platform of national systems for monitoring agricultural markets, which includes daily information on wholesale

prices, trade and the 40 most traded products in the region.

- ▶ **Market Information Organization of the Americas (MIOA):** A government cooperation network that collects, processes, analyzes, and disseminates information related to agricultural markets and products.
- ▶ **Observatory of Public Policies for Agri-food Systems (OPSAa):** Digital platform of the Inter-American Institute for Cooperation on Agriculture (IICA) that serves as a meeting point for exchanging knowledge and promoting a new generation of public policies that strengthen agri-food systems in the Americas.

DEVELOPMENT FINANCE INSTITUTIONS (DFIS) - SUSTAINABLE AGRICULTURE IN THE REGION

DFIs have assumed a key role in promoting food security and agricultural sustainability in LAC. Through financing, technical assistance and investment programs, they have promoted projects aimed at improving the resilience of the agricultural sector and promoting more sustainable practices. Among the main actions of DFIs we have:

- ▶ **Credit and financing:** facilitating financing for agricultural producers adopting sustainable practices, such as regenerative agriculture and water efficiency.



- ▶ **Climate resilience programs:** initiatives to mitigate the impact of climate change on food production, with agricultural insurance mechanisms and risk management mechanisms.

COUNTRY	INSTITUTION	PROGRAM	FOOD SECURITY SUPPORT
Latin America and the Caribbean	Kreditanstalt für Wiederaufbau (KfW)	Ecobusiness Fund	<ul style="list-style-type: none"> ▶ Availability: It finances sustainable agricultural practices that are resilient to climate change, promoting biodiversity conservation and responsible agricultural-livestock production. ▶ Access: It offers financing to agri-food companies and producers through local financial intermediaries, facilitating access to credit for sustainable practices. ▶ Utilization: It promotes the production of high-quality food with sustainability standards, such as the Rainforest Alliance and the Forest Stewardship Council (FSC), ensuring a healthy and environmentally responsible supply. ▶ Stability: It provides long-term funding for the resilience of agricultural-livestock production vis-à-vis climate and economic shocks.
Latin America and the Caribbean.	Compañía Española de Financiación del Desarrollo S.A. (COFIDES)	Huruma Fund and Kualí Fund	<ul style="list-style-type: none"> ▶ Availability: It finances financial intermediaries that provide loans to agricultural SMEs for improvements in agricultural production. ▶ Access: It facilitates access to credit for small producers and rural cooperatives to improve their capacity to purchase inputs and food. ▶ Utilization: It promotes the adoption of better agricultural and storage practices to reduce post-harvest losses and improve food quality. ▶ Stability: It facilitates access to agricultural insurance and other risk mitigation mechanisms that help ensure long-term food production.
Guatemala	Banrural	Catastrophic Microinsurance for Microentrepreneurs in the Agricultural Sector	<ul style="list-style-type: none"> ▶ Disponibilidad: Financia intermediarios financieros que otorgan préstamos a pymes agrícolas para mejoras en la producción agrícola. ▶ Acceso: Facilita el acceso al crédito a pequeños productores y cooperativas rurales para mejorar su capacidad de compra de insumos y alimentos. ▶ Utilización: Promover la adopción de mejores prácticas agrícolas y de almacenamiento para reducir pérdidas poscosecha y mejorar la calidad de los alimentos. ▶ Estabilidad: Facilitar el acceso a seguros agrícolas y otros mecanismos de mitigación de riesgos que ayuden a garantizar la producción alimentaria a largo plazo.
Mexico	Trust Funds Instituted in Relation to Agriculture (FIRA)	Financing Program for Medium-Sized Agri-Food and Rural Enterprises	<ul style="list-style-type: none"> ▶ Availability: It finances the modernization and strengthening of agri-food enterprises to improve productivity and ensure a greater supply of food in Mexico. ▶ Utilization: By incentivizing investment in infrastructure and technology in the sector, it improves food quality and preservation by reducing losses and promoting better nutrition. ▶ Stability: It reduces the vulnerability of agri-food companies to economic fluctuations by offering long-term financing, guaranteeing continuity of food supply in adverse situations.



PAÍS	INSTITUCIÓN	PROGRAMA	APOYO A LA SEGURIDAD ALIMENTARIA
Panamá	Savings Bank	School Orchards Program	<ul style="list-style-type: none"> ▶ Availability: It promotes organic food production through home orchards in rural and urban areas. ▶ Access: It facilitates direct access to nutritious food for families by training them in farming techniques and food self-sufficiency, reducing dependency on external markets. ▶ Utilization: It includes education on balanced and sustainable food, which helps to improve the consumption habits and nutrition of the beneficiary families. ▶ Stability: It fosters resilience to economic crises and fluctuations in food supply by strengthening the capacity of families to produce their own food on a continuous basis.
Uruguay	Banco de la República Oriental (BROU)	Field Purchase Credit	<ul style="list-style-type: none"> ▶ Availability: By facilitating the purchase of productive land, this credit promotes the expansion of agricultural and cattle production, increasing food supply at the national level. ▶ Access: Long-term financing allows more agricultural-livestock producers, including small and medium-sized producers, to acquire land and strengthen their operations, improving their economic capacity to access inputs and markets. ▶ Utilization: Investing in land can incentivize improvements in agricultural infrastructure and sustainable practices that optimize the quality and nutritional value of the food produced. ▶ Stability: By offering flexible financing conditions, the program contributes to the resilience of the agricultural-livestock sector vis-à-vis economic or climate fluctuations, ensuring constant production over time.



▶ **Strengthening sustainable value chains:** promoting inclusive business models that benefit both small producers and consumers.

Development Banking promotes projects and financing programs that seek to improve agricultural productivity without compromising natural resources. A comprehensive approach that combines financing, technology, and agricultural education is key to confronting food security challenges. Some of the programs

promoted by Development Banking in the region to serve sustainable agribusiness are:

CONCLUSIONS

Food security and sustainable agriculture are essential for the economic and social development of LAC, especially in a context of population growth, climate change, and volatility of agricultural markets. LAC faces major challenges, such as extreme weather events, soil

degradation, and financing difficulties for small producers. However, its productive potential and various sustainable initiatives represent opportunities for strengthening the resilience of the sector.

In this scenario, Development Banking plays a key role by offering financing, technical assistance and incentives for the adoption of sustainable technologies, as well as green credit programs, agricultural insurance and the strengthening of inclusive value chains to improve productivity without compromising natural resources. In order to ensure food security in the region, cooperation between governments, financial institutions and actors in the agricultural sector is fundamental, promoting investments in infrastructure, technological innovation and education, that balance productivity and sustainability for the benefit of future generations.

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6. Regional Overview of Food Security and Nutrition 2024. UN (2025).

PRIME Certification

A boost for business growth in Mexico



Bancomext Business Banking Unit

In a highly competitive global environment, financial strength and the institutionalization of companies are key elements to ensuring their growth and sustainability.

PRIME Certification, promoted by Mexican development banks Banco Nacional de Comercio Exterior (Bancomext) and Nacional Financiera (Nafin), has emerged as a strategic tool to strengthen companies' corporate governance, improve their debt profiles, and access favorable financing terms.

The PRIME Certification Program has established itself as a benchmark in corporate governance for companies in Mexico.

Since its creation by the Mexican Association of Stock Market Institutions (AMIB), the Mexican Stock Exchange Group (BMV), and Banco Nacional de Comercio Exterior (Bancomext), and the subsequent incorporation of the Institutional Stock Exchange (BIVA) and Nacional Financiera (Nafin), the program has focused on contributing to the professionalization of companies by providing support in the following areas:

- ▶ Implementation of best corporate governance practices.
- ▶ Access to Development Bank financing.
- ▶ Access to stock market financing (when appropriate).
- ▶ Training and technical assistance.

All of this is aimed at providing companies with the capacity to strengthen their financial structure, consolidate their long-term sustainability, and improve their competitiveness.

THE VALUE OF PRIME CERTIFICATION

PRIME Certification is a distinction awarded to companies that implement institutionalization and corporate governance practices. Its objective is to provide support to companies in the industrial, commercial, and service sectors in strengthening their management structures and accessing financing tailored to their needs.

Among its main benefits are:

- ▶ **Strengthening corporate governance:** certification fosters the professionalization of management, reducing financial risks and improving transparency in decision-making.

- ▶ **Access to competitive financing:** certified companies can obtain financing with improved terms, including preferential interest rates for working capital, fixed asset investments, and debt reprofiling.

- ▶ **Stock market guarantee:** allows companies to back debt issuance in the stock market, facilitating their listing on the Mexican Stock Exchange (BMV) and the Institutional Stock Exchange (BIVA).

THE ROLE OF BANCOMEXT AND NAFIN

Bancomext and Nafin play a key role in promoting PRIME Certification. Both institutions have designed a comprehensive scheme that not only offers financing, but also specialized advice and support in implementing best corporate governance practices.

Bancomext, with its focus on the export and internationalization of companies, allows foreign-currency-

The PRIME Certification Program has established itself as a benchmark in corporate governance for companies in Mexico.



generating companies to access competitive financing and stock guarantees that facilitate their expansion into foreign markets.

On the other hand, Nafin, with its commitment to the development of micro, small, and medium-sized enterprises (MSMEs), has enabled more companies targeting the local market to access this program, promoting their institutionalization and access to strategic credits.

Initially, the program only offered one level of certification. Currently, it offers four levels based on compliance with the practices contained in the Code of Principles and Best Practices of Corporate Governance of the Business Coordinating Council (CCE).

Companies seeking PRIME Certification can achieve one of four levels upon certification:

- ▶ **2 Stars:** 28 practices aimed at small enterprises.
- ▶ **3 Stars:** 32 practices aimed at medium-sized enterprises.
- ▶ **4 Stars:** 42 practices aimed at mature enterprises with diversified financing sources.
- ▶ **5 Stars:** 50 practices aimed at mature enterprises with diversified financing sources.

Practices constitute the minimum framework for implementing



corporate decisions of a company's governing bodies.

For the implementation of the corporate governance guidelines, specialized firms were hired, which are authorized by the PRIME Committee.

The PRIME Committee, supported by the firm chosen by the company, authorizes its certification based on compliance with the guidelines, also selected by the company.

Obtaining PRIME Certification is a distinctive, unique seal, registered with the Instituto Mexicano de la Propiedad Intelectual (IMPI) with a unique number for each company.

A PATH TO EXPANSION AND FINANCIAL STRENGTH

To obtain PRIME Certification, companies must meet certain key requirements, such as having a healthy credit history, a solid financial structure, and demonstrating the viability of their investment projects. In addition, they must hire specialized corporate governance firms to design a strategic institutionalization plan.

Since its launch, PRIME Certification has shown positive results.

By the end of 2024, a total of 40 companies have been certified, with

PRIME Certification has become a fundamental pillar for the evolution of the business ecosystem in Mexico. Through this program, Bancomext, Nafin, and the institutions that make up the PRIME ecosystem promote the financial strength of companies and drive their sustainable growth in national and international markets.

the participation of more than 30 firms specializing in corporate governance and rating agencies. During the same period, more than 14 billion pesos in financing were granted.

Development Bank financing. Bancomext and Nafin offer financing to companies, which can be used for the implementation of investment projects, working capital, and short- to long-term debt reprofiling, in amounts starting at 30 million pesos (mdp).

The PRIME Certification Program has defined its goals for the future:

- ▶ To provide Mexican companies with tools to look to the future,



both internally by establishing best corporate practices and externally by providing investors, creditors, customers, and suppliers with a long-term vision of the company.

- ▶ To promote and provide training and technical assistance so that Mexican companies have the opportunity to train, prepare, and achieve the benefits of participating in the stock market.
- ▶ Finally, to provide support to companies in taking advantage of the opportunities offered by the USMCA and nearshoring by strengthening their governance mechanisms, obtaining financing, and, eventually, participating in the stock market.



PRIME Certification has become a fundamental pillar for the evolution of the business ecosystem in Mexico. Through this program, Bancomext and Nafin, as well as the institutions that make up the PRIME ecosystem, not only promote the financial strength of companies, but also

drive their sustainable growth in national and international markets. In a world where transparency and institutionalization are essential for competitiveness, PRIME Certification is presented as a key instrument for companies seeking to consolidate and expand successfully.

TO ACCESS THE PROGRAM, COMPANIES MUST COMPLETE THE FOLLOWING STEPS:

- ▶ Contacting a specialized firm and the Development Banking desk established at Bancomext.
- ▶ Preparing the strategic plan, which is the result of the assessment conducted by the firm to determine the current level of corporate governance in the company and its desired level.
- ▶ Implementing the actions established in the strategic plan within a period of less than 2 years, within which period you must apply for PRIME Certification.
- ▶ Once the strategic plan is implemented, the certification application must be submitted to the PRIME Committee, which will verify compliance with the Certification Guidelines, based on the desired level.



- ▶ For financing from the Development Bank, the necessary documentation must be submitted for analysis, authorization, and formalization of the financing.
- ▶ If applicable, the company requests support from one of the stock

exchanges for its potential listing on the stock market with the issuance of debt.

- ▶ The Development Bank offers the stock market guarantee product to provide support to companies in future debt issuances.



Financial instruments and key factors in climate finance: lessons and challenges for the national Development Banking

In climate finance, development finance institutions (DFIs) play a key role by offering various financial instruments covering both cross-cutting and specific sectors, such as agriculture, renewable energy, and climate change adaptation. These instruments are implemented directly through retail bank, through intermediaries in wholesale bank, or through a combination of both.

According to the recent ALIDE report (2025) on development financing from the DFI perspective, debt instruments are the most used and represent a significant part of financing in key projects. In renewable energy, debt instruments account for 89% of financing; in sustainable mobility, 83%; and in sustainable agriculture, 69%. These instruments include preferential loans, green bonds, and credit lines with favorable terms, such as low interest rates and long grace periods, tailored to the characteristics of each project. For example, in renewable energy, funds are allocated to infrastructure such as wind farms and solar plants; in sustainable mobility, they are allocated to the electrification of public transport; and in sustainable agriculture, they are allocated to the adoption of efficient and low-environmental-impact technologies.

Another important instrument is subsidies, which, although less common than loans, remain essential for supporting sustainable projects. Subsidies represent 31% of financing

for sustainable agriculture, 17% for sustainable mobility, and 16% for renewable energy. Since they are non-repayable, they encourage the adoption of innovative practices, such as climate-resilient crops.

Guarantees and insurance also play a key role in covering financial risks, enabling private resources to be attracted to high-impact projects. This instrument represents 31% of financing for agriculture, 22% for sustainable mobility, and 21% for renewable energy. In addition, there are combined instruments that integrate debt, subsidies and guarantees, which, although they

represent a moderate share, are strategic for mobilizing public and private resources toward complex projects. These instruments represent 19% of financing for agriculture, 11% for sustainable mobility, and 16% for renewable energy.

On the other hand, these financial instruments offered by the national Development Banks are notable for their favorable conditions, such as preferential interest rates, flexible terms, and broad financing coverage. However, the use of preferential rates has declined in some cases due to previous experiences that prioritized more economically efficient activities.

TABLE 1. Main types of financing used for renewable energy, agriculture, and sustainable transportation projects

MAIN TYPE OF FINANCING	SUSTAINABLE MOBILITY	SUSTAINABLE AGRICULTURE	RENEWABLE ENERGY
Subsidies	17%	31%	16%
Guarantees and insurance	22%	31%	21%
Combined instruments	11%	19%	16%
Debt instruments	83%	69%	89%
Other	28%	31%	16%



Despite this, some banks maintain them for strategic sectors or for producers without access to sufficient collateral. For example, Banco de la Nación Argentina (Banco Nación) and FIRA of Mexico offer discounts of up to five percentage points for small producers.

Loan terms vary depending on the type of financing and the activity supported. Working capital loans typically have terms of 180 to 360 days, while investment or fixed asset loans range from 2 to 7 years. In addition, some DFIs have implemented debt extension and restructuring mechanisms to mitigate the impact of emergencies, ensuring that producers do not face insurmountable difficulties at critical times. Some DFIs, such as Banco Nacional de Fomento de Paraguay, offer financing that covers up to 100% of the cost of certain projects, such as livestock, agricultural, or poultry farming activities, facilitating the participation of small producers in large-scale projects.

In renewable energy, debt instruments account for 89% of financing; in sustainable mobility, 83%; and in sustainable agriculture, 69%.

The renewable energy sector is one of the highest priority sectors, accounting for 37% of financial products, with average terms of 13 years and coverage reaching 100% of the project. The climate change sector follows, representing 22% of financing, with terms of 12 years and coverage exceeding US\$8.5 million. Agriculture and transportation receive 7% each, with terms of 10 and 5 years, respectively, and coverage of up to 90%. In addition to financial products, DFIs complement their offerings with consulting and technical advice services, which are essential to ensuring the viability of climate projects. These services include feasibility studies, specialized technical advice, and tailoring

financial terms to meet the specific needs of each project.

For its part, the experience of the national Development Bank has highlighted the importance of several key factors that are essential for the success and effectiveness of climate finance programs. First and foremost, technical training is a fundamental pillar to ensure the sustainability and efficiency of funded projects. It's not enough for projects to be financially supported; they must also be equipped with the necessary knowledge and skills to be properly managed. Training in specific areas, such as clean technologies, environmental management, climate risk assessment, and sustainable agricultural practices, ensures that projects are not only



viable in the short term but can also generate lasting positive impacts, both environmentally and socially.

Adaptation to local contexts is another crucial factor for the success of climate finance programs. Each region, whether due to its geographic location, socioeconomic characteristics, or infrastructure, faces unique challenges that require tailored solutions. Specific climate conditions, community vulnerability to extreme events, the availability of natural resources, and technological and financial capabilities vary considerably across countries and regions. Therefore, climate finance programs must be designed to respect and adapt to these differences, ensuring that investments are relevant and effective in the local context. This involves adapting not only technological solutions but also financing strategies, taking into account local needs and priorities.

Multisectoral collaboration, involving public and private actors, civil society, local communities, and international organizations, is another key component for the successful

The financial instruments offered by the national Development Banks are notable for their favorable conditions, such as preferential interest rates, flexible terms, and broad financing coverage.

implementation of climate finance projects. This collaborative approach allows for the leverage of a broader range of knowledge, resources, and perspectives, increasing the likelihood of project success and sustainability. Partnerships between governments and the private sector, for example, are essential for mobilizing large sums of investment, while the participation of local communities ensures that projects are appropriate and accepted, facilitating their implementation. Moreover, collaboration across different sectors, such as agriculture, energy, transportation, and water, makes it possible to address the complexity of climate challenges in a comprehensive and effective manner.

Finally, financial innovation has proven to be a determining factor in climate finance. Instruments such as green bonds, which finance projects aimed at sustainability and climate change mitigation, and impact funds, which seek to generate social and environmental benefits alongside financial returns, are essential for mobilizing resources. These instruments allow for diversifying financing sources, reducing risks, and attracting investors who might otherwise be reluctant to engage in high-risk climate projects. The ability to mobilize both public and private funding is crucial to face the enormous climate challenges, especially in developing countries where resources are limited.

However, it should be noted that, despite the progress, significant challenges remain, especially regarding impact measurement and coordination among the various actors involved. Measuring the environmental and social impacts of climate finance projects remains a complex task, given that many of the solutions implemented are long-term and adequate indicators to assess their effectiveness are not always available. The lack of reliable data and the difficulty in predicting the future effects of projects complicate the measurement task, which can undermine transparency and accountability. Furthermore, coordination among the various actors involved in these projects—from governments to international organizations, development banks, the private sector, and local communities—remains a challenge. Therefore, only through joint action tailored to local realities will it be possible to move towards a more resilient, low-carbon future.



Nacional Financiera:

leader in the implementation of the gender approach in Development Banking for the empowerment of women in Mexico

In Mexico, Nacional Financiera (Nafin) leads the way in reducing gender gaps in financial inclusion with innovative programs that offer accessible financing and promote equal opportunities for women entrepreneurs. Through initiatives such as the Gender Working Group and adherence to international standards, it seeks to strengthen equitable access to financial services and foster more inclusive and sustainable development. This article examines its efforts and its impact on women's economic empowerment.

FINANCIAL INCLUSION GAPS IN LATIN AMERICA

Financial inclusion in Latin America has faced significant challenges in recent years. According to the Latin American Development Bank (CAF), approximately 61% of people in the region do not save, and those who do mostly use informal methods. In addition, half of the adult population still does not have access to the formal financial system. Obstacles include high operational costs, limited demand, and ineffective regulatory frameworks.

In Mexico, in particular, financial inclusion also presents significant challenges. The National Banking and Securities Commission (CNBV) emphasizes that financial inclusion in Mexico is defined by access to and use of formal financial services, consumer protection, and financial education. According to data from the Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography - INEGI) and the 2023 National Survey on Financial Inclusion (ENIF), approximately 54%



By addressing the issue of financial inclusion, Development Banks facilitate access to formal financial services for marginalized and underserved populations, thus promoting equal economic opportunity.



of adults in Mexico have some formal financial product. There are significant disparities between urban and rural areas, and a persistent gender gap. And, the percentage of access to a formal financial product for women is 62%, while for men it is 74%.

DEVELOPMENT BANKING AS A SOLUTION TO THE FINANCIAL INCLUSION GAP

Development banking plays a crucial role in promoting financial inclusion, as its mission is to foster sustainable and equitable economic development. By addressing the issue of financial inclusion, development banking facilitates access to formal financial services for marginalized and underserved populations, thus promoting equal economic opportunity. This not only boosts economic growth by integrating more people into the formal economy, but also strengthens communities' financial resilience, reduces poverty, and improves quality of life.

In 2015, Nacional Financiera, with support from the Instituto Nacional del Emprendedor (National Institute of Entrepreneurs - INADEM) and the Instituto Nacional de las Mujeres (National Institute of Women - INMUJERES), developed and launched the Support Program for Women Entrepreneurs with two financing schemes, as it aimed to serve two segments of the business pyramid: at the base, there was *Crecamos Juntas* (Let's Grow Together), a product that served individuals with loans of up to 300,000 Mexican pesos (USD 14,800) for working capital and fixed assets. No collateral or mortgage guarantee. This program was part of a formalization strategy of the federal government. If the individuals formalized their integration into the tax system, they



would access a series of benefits from various institutions, including Nafin, with this financing.

One step above the base of the business pyramid was the *Mujeres PYME* (Women SMEs) program, which served women with more established businesses with loans of up to 5 million pesos (USD 246,000), without mortgage guarantee. In 2015, this feature was innovative, as at that time intermediaries could ask for collateral. Ownership statistics in Mexico remain as follows: for every ten properties, seven are owned by men. To guarantee support for women entrepreneurs, banks were required to validate that the company was owned by women (a female individual) or that 51% of the share capital belonged to women. In 2019, in a second phase, seeking to further involve women in decision-making, the selection criteria was expanded to include companies whose women chaired the board of directors or, where applicable, represented the majority of the board of directors.

During the administration of former President Andrés Manuel López Obrador, gender parity was promoted and social programs benefiting women, especially indigenous women, were implemented. In addition, the National Program for Equality between Women and Men 2020-2024 was

The "MujerEs Industria" program provides financing for women entrepreneurs or women-led MSMEs in the industrial sector, up to 5 million pesos (USD 246 million), without mortgage collateral, for working capital, modernization, and equipment.

published. Under these guidelines, in 2024, Nafin launched the updated version of its financial program for women entrepreneurs, called *MujerEs Industria*. A gender-responsive product that aims to boost, through financing, women-led businesses in the industrial sector, supporting their participation and empowerment in the economic sphere. At the same time, the program will strengthen financial decision-making by providing non-financial services such as a business assessment and gender-sensitive training.

With a portfolio of 2 billion pesos (USD 98.5 million), the program provides financing to women entrepreneurs or women-led MSMEs in the industrial sector for up to 5 million pesos (USD 246 million), without mortgage guarantee, for working capital,

modernization, and equipment.

ORGANIZATIONAL CHANGES FOR WOMEN'S EMPOWERMENT IN MEXICO

What makes it possible to create these gender-responsive products are the forums and dialogues within the Bank, as they give greater visibility to the problem of the gender gap and financial inclusion in the country. These are issues that tend to be unknown or that require awareness within the different Work Units.

For this reason, in 2022, Nafin announced the adoption of its first Gender Equality Policy, which establishes guidelines for promoting gender equality and women's empowerment at the institutional level, as well as within its programs and projects. In 2023, the bank adopted a Gender Action Plan (GAP) to mainstream gender perspectives into Nafin's operations over the next three years. This plan made it possible to obtain the first sex-disaggregated data and integrated a new monitoring practice by officially requesting information from different areas of the bank. In November 2024, three countries and their development banks— Banco de Desarrollo Productivo (BDP) in Bolivia, Nacional Financiera (Nafin) in Mexico, and Banco Ciudad de Buenos Aires in Argentina – committed to increasing gender capacity in Public Banking by joining the Gender Equality Seal for Public Financial Institutions (SIG-IF) of the United Nations Development Programme (UNDP) and CAF.

Today, more than ever, Nacional Financiera assumes its role as an instrument for implementing important socioeconomic transformations in the country. In particular, it is committed to the transformation currently led by



Mexico's first female president through the 2025-2030 National Development Plan, which seeks to build a "Republic of and for women" and establishes the promotion of substantive Equality and women's rights as a cross-cutting axis of action. From development banking, Nafin will focus on addressing existing gender gaps, offering sustainable and inclusive products and services that facilitate women's access to and participation in the Mexican Financial System.

LAUNCH OF THE GENDER WORKING GROUP

In February 2025, Nacional Financiera, in a further effort to institutionalize and promote gender equality, took a further step by actively integrating the gender perspective into both its internal operations and external strategies. This progress is materialized by the recent authorization for the creation of a Gender Working Group, which will be coordinated by the bank's senior management. This group will have specific objectives, including:

- ▶ Ensuring a balanced distribution of roles and responsibilities, in which both sexes are equally considered and valued.
- ▶ Analyzing opportunities and

designing strategies to integrate a gender perspective into the bank's operation and culture.

- ▶ Generating gender-responsive solutions, agreements, and work plans. Determining the implications, costs, and business opportunities of implementing the Gender Equality Policy.
- ▶ Preparing periodic reports on activities and progress for submission to the Sustainable Finance Committee, among others.

CONCLUSIÓN

The Gender Working Group provides structure, coordination, accountability, monitoring, and evaluation of both Gender-focused policies and financial products. This will allow for faster and more coordinated adjustments to the bank's programs, with the goal of increasing the impact and volume of support provided to women entrepreneurs in Mexico.

The integration of the gender perspective and approach at Nacional Financiera in Mexico is not only a step toward equality, but also a key strategy for fostering more inclusive and sustainable development. With the creation of the Gender Working Group, the bank reaffirms its commitment to being a leader in promoting gender equality in the financial sector and in society at large.



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**ALIDE GENERAL ASSEMBLY
SANTO DOMINGO-DOMINICAN REPUBLIC
MAY 12-14. 2025.**



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**Development Banking Forging the Future
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- What financing models are necessary to ensure sustainable growth?
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