

Banca & DESARROLLO

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APRIL - JUNE | 2025



INTERVIEWS

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55th ALIDE GENERAL ASSEMBLY

COMPREHENSIVE COOPERATION
IN THE FACE OF GLOBAL
INSECURITIES



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We live in a time marked by increasing complexity and global uncertainty. Multiple crises – energy, climate-related, economic, digital, food-related and social– that overlap and feed each other, deepen structural inequalities and challenge the traditional models of development. Latin America and the Caribbean, despite their natural, cultural and human wealth, are at the center of this critical juncture, with fiscal limitations, growing social demands and a persistent gap in infrastructure, productivity and innovation.

Added to this situation is a growing geopolitical volatility, the weakening of multilateral mechanisms and the reduction of international cooperation flows, which obliges the region to urgently rethink its development and financing strategies. The need for coordinated, transformative and long-term responses demands of us timely responses.

In this context, the biggest challenge that we face is how to finance the future. The mobilization of public and private capital towards strategic sectors such as resilient infrastructure, energy transition, sustainable agriculture and digitalization is an unpostponable necessity. The region needs more agile, adaptive, and innovative financial instruments, capable of responding effectively to emerging risks, particularly those associated with sustainable development.

The 55th Meeting of the ALIDE General Assembly, held recently last May in Santo Domingo, Dominican Republic, was a propitious occasion to collectively reflect on this scenario and strengthen our regional vision. There, we reaffirmed the potential of development finance institutions as a fundamental pillar to contribute to building a more cohesive, inclusive, and resilient Latin America and the Caribbean.

Development finance institutions are called upon to play a much more active and strategic role. It is not just about providing resources, but about acting as agents of change, catalysts for innovation and architects of public-private partnerships that achieve the triple impact: economic, social and environmental. Moreover, we must promote inclusive financial frameworks, boost regional integration, strengthen technical capabilities, and turn successful experiences into policies with a regional impact.

In this spirit, I would like to express my deep gratitude to the ALIDE member institutions for the trust placed in me by electing me president of our Latin American Association, a function that I assume with a great sense of responsibility and commitment, on behalf of Banco de la Provincia de Buenos Aires, Argentina.

It is an honor to lead this great institution at such a decisive moment for our region. I am convinced that together we can rise to the challenges, in order to ensure that the priorities and capabilities of Latin America and the Caribbean are duly represented in decision-making worldwide. To that end, I have a high-level Board of Directors with representation from the different subregions of Latin America and the Caribbean.

Only with an integrated approach that combines development, sustainability and inclusion, will we be able to build a more just and prosperous future for our communities. I reiterate my gratitude for the trust placed in me, and I invite all ALIDE member institutions to continue working together, with determination and a sense of urgency, to transform global challenges into regional opportunities.

Juan Cuattromo
President of ALIDE

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SANTO DOMINGO-REPÚBLICA DOMINICANA
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BancoAgrícola



From Global Crisis to Comprehensive Security: Development Banking, Forging the Future of Latin America

The 55th Annual Assembly of ALIDE addressed the need for a comprehensive recovery strategy that not only reactivates economies, but also promotes multidimensional security—encompassing economic, social, environmental, technological, and digital aspects, among others—within a context marked by uncertainty, where national, regional, and international cooperation and joint action have become critically important.

KEY POINTS

- ▶ The current global landscape is characterized by growing multidimensional insecurity, ranging from energy and climate to the economy, digitalization, food, employment, and citizen security. These dimensions are deeply interconnected and mutually reinforcing, generating a global impact that demands coordinated, comprehensive, and long-term responses. Added to this scenario are geopolitical instability, the weakening of multilateralism and a projected reduction in international development aid, which creates an environment of uncertainty and structural challenges for Latin America and the Caribbean (LAC).
- ▶ **Global economic outlook and its impact on Latin America.** The

indirect impact of U.S. tariff policies arises from weaker global growth, driven by slowing global demand and the deterioration of credit markets, which negatively affects investment.

- ▶ **There is ample room to maneuver on monetary policy in Latin America and the Caribbean, given that** the current restrictive stance of most central banks leaves considerable space for easing.
- ▶ In this context, development banking emerges as a central and

transformative player, with the capacity to influence and catalyze significant changes. These institutions act countercyclically during crises, maintaining or expanding credit when the traditional financial system shrinks, demonstrating their ability to foster economic and climate resilience. Its mandate goes beyond merely maximizing financial profits, focusing on human development, financial inclusion, and generating a sustainable social and environmental impact.

The trend toward supplier relocation represents a significant opportunity for LAC, but its utilization will depend largely on each country's logistics capabilities, investment climate, and the coherence of domestic public policies.



- ▶ **The most pressing challenge today is how to finance the future.** One of the main challenges facing the region is mobilizing private capital to finance the productive and social sectors. It is known that countries in the region have fiscal restrictions that limit their ability to finance large investments.
- ▶ **The trend toward supplier relocation represents a significant opportunity** for LAC, but taking full advantage of it will largely depend on each country's logistics capabilities, investment climate, and the consistency of domestic public policies.
- ▶ **Adaptation of financial instruments with agility to preserve the stability of the productive fabric.** The successful outcomes of the program in critical situations, through public-private collaboration for economic recovery or the preservation of the productive sector, led to its reuse in response to other contingencies.
- ▶ While some sectors **tend to downplay the urgency of climate change, development banks view this stance not as a risk, but as a political and financial challenge.**
- ▶ Changes in approach to climate change **create a scenario that may lead to reduced international funding, limitations on technical cooperation, and greater difficulties in reaching multilateral agreements**, particularly affecting the most vulnerable countries in LAC. In response to this challenge, some institutions have strengthened their institutional strategies by embracing a development vision focused on sustainability.
- ▶ **From the perspective of development banking, it is emphasized that rather than simply new opportunities, there is a renewed responsibility to act as strategic allies in financing sustainable development.** This entails stepping up efforts to catalyze triple-impact investments (economic, social, and environmental), design innovative financial instruments, engage the private sector, and address structural gaps, particularly in productive and social infrastructure.
- ▶ **Importance of regional, multilateral and extra-regional development banks.** At a time when financial conditions are perceived as more restrictive and the cost of access to financing remains relatively high, regional and multilateral financial institutions are becoming increasingly important for accessing long-term financial and non-financial resources. However, they are required to improve access conditions in order to make them more agile and differentiated from private sources.
- ▶ **While progress has been made in renewable energy, the region still relies heavily on fossil fuels.** This high dependence makes it vulnerable to fluctuations in international oil prices, environmental risks, and geopolitical insecurity. LAC has enormous potential for renewable energy, particularly hydroelectric, solar, and wind sources.
- ▶ To achieve **true energy security**, it is essential to expand and diversify these capabilities at the regional level. Achieving this requires significant investments in infrastructure, distribution network modernization, energy storage, and the development of transition technologies, as well as strong political will to move toward greater regional energy integration.
- ▶ **The weakening of multilateralism, coupled with the retreat from in-**





ternational commitments, directly impacts the implementation of the SDGs and compliance with the Paris Agreement. However, some countries remain committed to global climate action. European nations, along with other major Asian economies, continue to promote green financing and instruments such as carbon markets to support decarbonization plans.

- ▶ The report underscores the urgent need to mobilize private capital for sustainable development, especially at a time when fiscal constraints limit countries' ability to finance major investments. The urgency of swiftly adapting financial instruments is emphasized to preserve the stability of the productive fabric and of mainstreaming the climate approach across all financial policies and practices. Finally, a call to action is made for LAC and its development institutions to assume a proactive and leading

role in global forums, highlighting their needs and proposals to build a more cohesive, resilient, and sustainable future in the region.

GLOBAL ECONOMIC OUTLOOK AND IMPACTS OF RECENT PROTECTIONIST ECONOMIC MEASURES

- ▶ Emerging markets (EMs) in Asia and Mexico are among the most directly exposed. Significant effects are also observed in Central American countries such as Nicaragua, Costa Rica, Honduras, and the Dominican Republic. In the latter, although exports represent a smaller proportion of GDP, around 60% of them are destined for the U.S., which is significant. In addition to trade, another important transmission channel is remittances. In Mexico, remittances represent between 3.5% and 4% of GDP and are a key component of domestic demand. In Central American countries,

this percentage can exceed 20%. Although direct exposure to tariffs is limited for many EMs, the indirect impact arises from weaker global growth. In turn, credit conditions for EMs will deteriorate amid rising protectionism, as weakening market confidence negatively affects investment; and the US tariff announcements had a greater impact on corporate yields than on sovereign indicators. In the rest of the region, such drastic changes are not expected. Smaller economies continue to rely on remittances, but growth is expected to remain below 2%, which is a sign of structural weakness.

- ▶ As far as interest rates are concerned, a reduction phase has already begun. At the beginning of the year, a moderate decline was anticipated, but greater opportunities for cuts are now identified, as real rates remain above neutral levels, currencies have strengthened, and energy prices have fallen, reducing inflationary pressures. Four key risks have been identified in the banking sector, not only in LAC but globally. These include more than expected negative outcomes, such as a more pronounced economic slowdown, a deterioration in the real estate sector (particularly in the U.S. and China) that is hurting banks' asset quality more than expected, high levels of corporate and government debt, now close to historic highs—amid high interest rates—which could exacerbate corporate insolvencies and lead to a decrease in government support for the real economy and banks; as well as emerging risks related to digitalization, artificial intelligence, cybersecurity, and climate change.

- ▶ In this scenario, LAC has ample room to maneuver on monetary policy. Recent trade tensions have increased the likelihood of more aggressive monetary policy easing in most LAC countries. The current restrictive monetary policy stance of most central banks leaves ample room for easing; perhaps the exception is Brazil, with less room for interest rate cuts this year.

The urgency of adapting financial instruments swiftly to preserve the stability of the productive fabric and of integrating a climate-focused approach across all financial policies and practices is emphasized.

GROWING MULTIDIMENSIONAL INSECURITY AND GLOBAL CHALLENGES

- ▶ **Growing multidimensional insecurity demands coordinated, comprehensive, and long-term responses.** A crisis in a specific area has systemic effects, which directly impact other sectors. Therefore, isolated solutions are not enough: deep integration among public, private, and social actors is required, as well as a critical review of the current development model. We need to move toward a new paradigm that allows us to rebuild a more just, equitable, and resilient order, with cross-cutting public policies and financial tools capable of responding to the complexity of the present. In this context, development financing faces key challenges, such as the limited availability of resources for public investment and adequate attention to the most vulnerable sectors. Moving from multiple crises or insecurity to building comprehensive security in our economies is not only important, but urgent. In a global context marked by uncertainty, the experience of some countries demonstrates that economic growth, when properly directed, can be an effective vehicle for ensuring

stability, inclusion, and sustainability.

- ▶ **The most pressing challenge today is how to finance the future.** In this sense, climate finance appears to be a critical dimension. There are regions that face a structural paradox. For example, the Caribbean is one of the regions most vulnerable to climate change, yet at the same time it faces severe restrictions in accessing affordable financing. While new financial instruments have been created to raise funds, products such as green bonds, adaptation funds, and other climate instruments are often offered under conditions similar to those of traditional debt, without recognizing the specific characteristics and asymmetries of vulnerability.
- ▶ **This situation demands a thorough review of the international financial system and decisive action on the part of development banks.** The discourse must translate into differentiated, fair, and innovative financial mechanisms. This is where Institutions such as development banks must position themselves as key players in creating specific solutions tailored

to territories, including innovative financial products for climate resilience, adaptation, and just transition. It is also unacceptable that countries that do not face solvency or collateral problems continue to struggle to access adequate climate financing. Therefore, it is necessary to redefine risk metrics and rethink access criteria so that they reflect the true needs of the most vulnerable countries. This is a call to collective action, to redesign the rules of the financial game in favor of sustainable development and climate justice.

- ▶ The trend toward supplier relocation represents a significant opportunity for LAC, but its utilization will depend largely on each country's logistics capabilities, investment climate, and the consistency of public policies. This link needs to be analyzed not only from a commercial perspective, but also in terms of industrial development, export diversification, and technological autonomy. Likewise, the evolution of trade balances is today a key indicator for understanding new economic dynamics. In many countries in the region, trade – for example with China – has grown substantially, driven by structural factors such as the demand for raw materials, sector-specific competitive advantages, and the transformation of the productive sector. In this context, regional recomposition processes acquire renewed importance. Regional integration, trade cooperation, and productive coordination can strengthen LAC's position in the face of changes in the global economic order. At the same time, it is necessary to revalue the role of regional institutions dedicated to trade, financing,





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technological innovation, and sustainable development in order to build a common strategy that allows the region to intelligently integrate into the global economy.

- ▶ Investment and financing must be urgently mobilized to address the major structural challenges affecting LAC countries. While national development banks (NDBs) have the same operational logic as the rest of the banking system, their economic rationale goes beyond the maximization of financial profits, and they play a crucial role in this purpose. They have a public mandate that allows them to act countercyclically, channel resources toward strategic sectors, and promote the financial inclusion of traditionally excluded individuals, sectors, projects, and territories. In this regard, four key messages were highlighted

regarding the NDBs: a) Financial inclusion as a structural priority. Access to credit, savings, digital payments, and insurance are fundamental conditions for improving the quality of life and unleashing human potential in countries; b) Strong governance for sustainable impact. NDBs must ensure robust governance frameworks, with transparency, accountability, and efficient risk management, to guarantee long-term financial and institutional sustainability, maximizing their social and economic impact; c) Beyond financial matters, human development as a purpose. NDBs must transcend their commercial role to become a true pillar of human development. There are experiences that demonstrate that it is possible to align the financial function with social and environmental objectives through strategic projects that transform

territories and communities; and, d) Cooperation and technical assistance. Collaboration among NDBs, as well as access to technical assistance to share best practices, innovate in financial products, and strengthen institutional capacities.

ALIDE, DEVELOPMENT BANKS: A CALL TO ACTION

- ▶ Reaffirmation of the Unique Transformative Power of Development Banks. Development banks have a unique transformative power that distinguishes them from other financial institutions, giving them the responsibility to transform specific successful practices into universal standards within the global development banking community. Their countercyclical role during crises, their ability to maintain or expand credit when the traditional financial system shrinks, and their commitment to economic and climate resilience position them as indispensable agents of socioeconomic and environmental transformation. These institutions are not only sources of financing, but also catalysts for financial innovation, promoters of sustainability, and forgers of strategic alliances that enable global challenges to be transformed into local opportunities.
- ▶ The Imperative of Integrating a Climate Approach into Financial Policies and Practices. Climate risk, which encompasses both physical risks from extreme events and transition risks related to decarbonization, is a persistent and growing threat that directly impacts economies, financial institutions, and social conditions, particularly in developing countries. Its effects translate into market losses, credit

portfolio deterioration, capital flight, increased uncertainty, and greater operational risks in key sectors such as agriculture and energy. Understanding that climate risk is a systemic financial risk, not merely an environmental one, requires its proactive integration into regulatory frameworks and institutional practices.

- ▶ To strengthen the financial system's resilience to climate change, it is a priority to enhance climate risk disclosure, align with international standards such as the TCFD and ISSB, and integrate these risks into financial supervision frameworks. It is essential to mobilize investments aligned with sustainable criteria, adopt international sustainability standards (ESG, taxonomies, climate stress tests), and advance the implementation of regulatory frameworks for sustainable taxonomy, an area where LAC has shown significant progress.
- ▶ The Importance of the Active Presence of LAC in Global Forums (COP30, FfD4). The active presence of development banks in global discussion forums, such as the 2025 United Nations Climate Change Conference (COP30) and the International Conference on Financing for Development (FfD4), is essential. LAC and its development finance institutions cannot remain on the sidelines of these processes; they have the mission and responsibility to bring their needs, capabilities, and proposals to the global table. This active participation is crucial to ensuring that global solutions are effective, adapted to local realities, and capable of generating a tangible impact on the most vulnerable communities.

- ▶ The region has valuable experience in designing and implementing innovative financial instruments, as well as in supporting projects related to energy transition, resilient infrastructure, sustainable agriculture, and productive strengthening with a territorial focus, among other priority areas. The transformation of LAC from an aid recipient to a proactive actor and co-creator of global solutions is essential to ensure that development and climate agendas reflect the region's realities and capabilities.
- ▶ Commitment to Cohesive, Resilient, and Sustainable Development for LAC. The path toward a more resilient and sustainable future for LAC requires a profound transformation of its financial structures, enhanced regional cooperation, and a long-term strategic vision. Only through an integrated approach that combines development, innovation, and equity will it be possible to ensure a secure and prosperous future for the region. This involves building national and regional consensus by coordinating short-, medium-, and long-term policies that guarantee more cohesive and sustainable development throughout Latin America.

- ▶ In a context marked by high volatility, a slowdown in global GDP, and a decline in international trade, the relevance of national development banks and international organizations financing climate action will become increasingly evident in the coming years. Their role will be crucial in addressing the structural challenges affecting the most vulnerable economies. Even in high-income countries, the communities most affected by climate impacts are often those made up of migrants from developing countries. These communities face greater barriers to adaptation and recovery. In climate risk analysis, both physical risks and transition risks must be considered. The latter, linked to the decarbonization process and economic transformation, present greater technical challenges for quantification, but have equally significant impacts: lower growth, compromised productivity, deteriorating financial conditions, and direct impacts on the financial system. Observable effects include market losses, credit portfolio deterioration, capital outflows, increased uncertainty, and greater operational risk, particularly in key sectors such as agriculture and energy.



ALIDE Promotes an Innovative Proposal with the Regional Rapid Response Fund for Disasters

ALIDE proposes the creation of a fast, streamlined fund free from bureaucratic obstacles, aligned with existing initiatives in Latin America and the Caribbean (LAC).

During its 55th General Assembly held in Santo Domingo, Dominican Republic, ALIDE presented an initiative to establish a rapid response mechanism for natural disasters in the region.

The Regional Rapid Response Fund for Natural Disasters aims to create a swift and flexible financial mechanism, free of bureaucratic hurdles, allowing countries in Latin America and the Caribbean to quickly access resources to address emergencies caused by natural events such as hurricanes, earthquakes, floods, and extreme droughts.

A HIGHLY VULNERABLE REGION

The proposal's background document highlights that Latin America and the Caribbean is one of the most disaster-prone regions in the world, with the frequency and intensity of such events having significantly increased in recent years. Between 2000 and 2024 alone, the cumulative economic damage from these events exceeded US\$90 billion, affecting millions of people and causing major social and productive losses.

Although countries in the region have made progress in prevention measures and institutional strengthening, the immediate availability of funding remains a critical challenge. Delays in accessing emergency funds often



worsen the impacts, prolong the suffering of affected populations, and slow down recovery processes.

An Innovative, Agile, and Transparent Fund

In response to this need, ALIDE proposed the creation of the Regional Rapid Response Fund – an instrument designed under the principles of automation, transparency, and sustainability. Its goal is to ensure that countries have financial resources from

ALIDE proposed the creation of the Regional Rapid Response Fund, an instrument designed under the principles of automation, transparency, and sustainability.

the very beginning to address the initial phase of emergencies and recovery.

The Fund would be activated automatically based on objective data

— such as the magnitude of the disaster, the geographic area affected, and the number of people impacted — enabling disbursements within hours or just a few days. Its structure would combine parametric insurance, contingent credit lines, and public funds, serving as a bridge mechanism until other sources of international financing are mobilized.

BLENDED FINANCING AND RIGOROUS OVERSIGHT

To ensure its sustainability, the Fund would be supported by a blended financing structure composed of:

- ▶ Government contributions proportional to each participating country's GDP;
- ▶ Non-reimbursable funds from multilateral organizations;
- ▶ Voluntary contributions from the private and philanthropic sectors.

The use of resources would be backed by strict oversight mechanisms, including real-time audits, disbursement traceability, and specialized technical supervision. All of these aims to ensure efficient management focused on the most vulnerable populations and the quick reactivation of economic and social activity.

A STRATEGIC STEP TOWARD REGIONAL RESILIENCE

The proposal for the Regional Immediate Response Fund represents a strategic advance in the regional financial architecture for disaster risk management. Its implementation includes a pilot phase and a continuous evaluation system, allowing for adjustments based on the region's real and evolving needs.

Moreover, its alignment with existing initiatives will strengthen the collective resilience of Latin America and the Caribbean, promoting greater



The fund would be automatically activated based on objective data—such as the magnitude of the disaster, its geographic extent, and the affected population—allowing for disbursements within hours or a few days.

coordination among governments, development banks, and international organizations.

With this proposal, ALIDE reaffirms its role as a regional platform for financial innovation and sustainable development, responding to the most pressing challenges with concrete, viable, and people-centered solutions.

1. ECLAC, CEPALSTAT, Statistical Databases and Publications https://statistics.cepal.org/portal/cepalstat/dashboard.html?indicator_id=4046&area_id=735&lang=es. For the purposes of ECLAC (CEPALSTAT) statistics, natural disasters are categorized into two groups: Geophysical (earthquakes, volcanic eruptions, and dry mass movements), and Climate-related (storms, floods, wet mass movements, extreme temperatures, droughts, and wildfires).



Declaration of Santo Domingo: Comprehensive Cooperation in the Face of Global Insecurities

The financial institutions that are members of ALIDE, gathered at the 55th General Assembly held from May 12 to 14, 2025, in Santo Domingo, Dominican Republic, reflected on the central theme of the meeting “From Global Crisis to Comprehensive Security: Development Banking Forging the Future of Latin America” and, as a result of these deliberations, they expressed their commitment to the following actions.

We recognize that Latin America and the Caribbean continue to face multiple contextual and structural challenges, heightened by geopolitical tensions, global crises, and the insecurity that manifests itself in multiple dimensions — environmental, political, economic, commercial, energy, food, digital, public, technological — that overlap and feed off each other, threatening to deepen inequality and instability in the region. This convergence of risks demands coordinated, multidimensional and sustained responses over time.

Despite this challenging scenario, we identify emerging opportunities derived from productive transformation, industrial relocation, energy transition, technological innovation and regional integration, which require a strengthened, visionary and adaptive development banking, as they have done in complicated episodes in the past.

We reaffirm the urgency of moving towards a comprehensive security approach, understood as the capacity of our societies to anticipate, resist and transform themselves in the face of multiple threats.



We recommend that development finance institutions and the governments of our countries in Latin America and the Caribbean be prepared to adapt to more restrictive trade policies and adopt strategies to diversify markets, where regional cooperation and South-South cooperation are important to counteract potential disruptions in global trade. However, this should not mean, in any way, opting preferentially for some regions and isolating ourselves from others, but rather

seeking a pluralistic relationship that is open to the world, which does not exclude actors or regions, but which is focused on citizen well-being.

We are aware that, depending on the objectives of the country and the nature of each institution, the challenges and the approach of action of development finance institutions are multiple and diverse. Even so, one of the common traits is that banks must be on permanent alert, understanding that, as public policy instruments, they need to provide

solutions to development problems that are within their competence. This has to do with the ability to adapt their approaches to action, generate the necessary financial innovations, and act in an integrated and collaborative manner with other actors related to financing and development in general. It is also appropriate to assess and update regulatory frameworks to give more space to development finance institutions.

Calling on subregional, regional, and multilateral financial and non-financial organizations, international cooperation agencies, and our counterparts in developed countries, as strategic allies, to provide us with financing as a complement to our own funds, in order to offer financing conditions appropriate to the nature of the investments required in our countries. Moreover, continuing with greater emphasis with the transfer of knowledge and good practices, and technical-financial cooperation to advance in our development processes.

We renew our commitment to the financial and productive inclusion of historically marginalized sectors –women, youngsters, indigenous peoples, the elderly and rural communities– who, to a greater or lesser extent, constitute an important segment of the population that requires financial and non-financial services adequate for their particularities. This inclusion must be secure, transparent and comprehensive.

We are convinced that the transformation of agri-food systems is key to sustainable development. We support strategic investments in climate-smart agriculture, rural infrastructure, digital technologies for the countryside, and insurance and technical assistance schemes, with a special focus on the smallholder



segment, that help mitigate the risks of hunger and malnutrition. All the more so, taking into account that food insecurity in the region has increased since 2015, reaching its maximum of 34.6% in 2020, and that by 2023 it represented 28.2% of the affected population, a relatively high level, very close to pre-COVID levels.

We consider it necessary to transition toward sustainable agri-food systems to meet food needs with an increasingly depleted natural resource base. And as the Food and Agriculture Organization of the United Nations (FAO) states, in this objective we must seek “better production, a better environment, a better life, and better nutrition”; promoting innovations of various kinds, developing more efficient technologies, gathering and systematizing information for evaluation and decision-making, strengthening governance, human capital and the institutions.

The region has witnessed devastating climatic events, evidencing the need for fast-acting financial instruments,

parametric insurance, contingent funds and flexible credit lines. ALIDE is committed to working towards an articulated regional climate agenda, with access to green financing and mitigation and adaptation tools. In 2023 alone, losses of US\$21 billion were estimated. Consequently, we reaffirm the urgency of advancing toward a common climate resilience agenda, in which development banking is called upon to play a fundamental role in the timely response, reconstruction and adaptation of our economies.

We are committed to strengthening our financial and technical instruments to support climate adaptation and resilience projects, in key sectors such as infrastructure, agriculture and urban development. We will also promote the design and implementation of viable and sustainable mechanisms to address losses and damages, including emergency financing instruments and protection schemes for the most vulnerable communities, with special emphasis on the Caribbean and exposed insular territories. [\[To read the full document visit our website\]](#)



ALIDE awarded eleven innovative best practices

During ALIDE's 55th Annual Assembly, held in Santo Domingo, the 18th edition of the ALIDE Awards 2025 took place. This competition recognizes the most outstanding and innovative initiatives in financial products, services, and management within the Development Banking sector of Latin America and the Caribbean. On this occasion, eleven best practices were awarded for the implementation of innovative proposals.

CATEGORY I

FINANCIAL PRODUCTS

BANCO NACIONAL DE DESENVOLVIMENTO ECONÔMICO E SOCIAL (BNDES)

BNDES MAIS INOVAÇÃO PROGRAM

A credit line aimed at increasing private investment in research, development, and innovation (R&D&I), strengthening the digital transformation of industry, supporting the installation of pioneering plants, fostering innovation ecosystems, and developing strategic technologies. This initiative is aligned with the New Brazilian Industry policy. Between September 2023 and December 2024, approximately US\$2.538 billion in projects were approved, consolidating it as BNDES's main tool for promoting innovation with economic and social impact in Brazil.

BANCO DE DESENVOLVIMENTO DE MINAS GERAIS (BDMG)

LABAGROMINAS

The LabAgro Minas Program aims to support rural producers in transitioning toward more sustainable and regenerative agricultural practices. It benefits previously underserved producers, drives sustainable development in the agribusiness sector, promotes financial inclusion, food security, and the use of innovative technologies. The program operates through an indirect operations model in partnership with credit cooperatives. In 2024, it disbursed around US\$46.32 million, benefiting rural producers—many of whom previously lacked access to credit.

CATEGORY II

MANAGEMENT AND TECHNOLOGICAL MODERNIZATION

FONDO PARA EL FINANCIAMIENTO DEL SECTOR AGROPECUARIO (FINAGRO)

DECISION PLATFORM

A free digital tool designed to improve the origination of agricultural credit in Colombia, particularly for small and medium-sized rural producers. It operates both online and offline, enabling the technical and financial viability of projects to be assessed using applicant data and Agroecomic Reference Frameworks. Its goal is to promote rural financial inclusion through standardized analysis adapted to low-connectivity environments. Since 2021, it has facilitated nearly 11,600 operations totaling approximately US\$53.5 million, enhancing operational efficiency and access to credit in rural areas.

FIDEICOMISOS INSTITUIDOS EN RELACIÓN CON LA AGRICULTURA (FIRA)

TECHNICAL ADVISORY PLATFORM

A technological tool that brings Agriculture 4.0 solutions closer to small and medium-sized rural producers in Mexico. It uses satellite imagery, remote sensors, and artificial intelligence to monitor crops, facilitate agronomic diagnostics, and support decision-making—even in remote areas. The tool aims to improve efficiency, reduce costs, and promote sustainable agriculture. FIRA subsidizes up to two years of use for eligible producers, fostering digital and financial inclusion. As of December 2024, it has benefited over 4,000 users and monitored nearly 100,000 hectares across 25 states.





CATEGORY III

INFORMATION, TECHNICAL ASSISTANCE AND SOCIAL RESPONSIBILITY

BANCO DE DESARROLLO PRODUCTIVO (BDP)

AGROCLIMATIC SYSTEM SAC-BDP

A tool that provides hyperlocal climate information to small and medium-sized rural producers to help them cope with climate change. It uses weather sensors, forecasting models, and local feedback to issue alerts and recommendations in accessible formats, including videos in Indigenous languages. Its purpose is to strengthen agroclimatic risk management, optimize resource use, and reduce losses from extreme weather events. The tool has benefited over 37,000 producers across 154 municipalities, improving productivity by up to 15% and supporting the design of tailored financial products.

BANCO NACIONAL DE COSTA RICA (BNCR)

TRANSFORMING COMMUNITIES PROGRAM

A non-reimbursable financing initiative focused on promoting local economic development and community sustainability. Aimed at integral development associations and rural aqueduct management associations, it supports socio-productive projects that generate economic, social, and environmental impact. Since 2016, it has financed 137 projects across the country, benefiting more than 625,000 people.

CATEGORY. GREEN ALIDE

BANCO NACIONAL DE DESENVOLVIMENTO ECONÔMICO E SOCIAL (BNDES)

BNDES AZUL

Initiative that finances projects aimed at the conservation and sustainable use of marine and coastal ecosystems within the framework of the blue economy. It combines reimbursable and non-reimbursable financial instruments, such as matchfunding and blended finance, to mobilize public and private resources. It has already financed studies and projects for more than US\$13.5 million and has the potential to mobilize up to US\$180 million by 2030.

FIDEICOMISOS INSTITUIDOS EN RELACIÓN CON LA AGRICULTURA (FIRA)

BLUE BOND: FISHING AND AQUACULTURE

The first thematic financial instrument in Mexico dedicated to financing sustainable fishing and aquaculture projects. With a total amount of approximately US\$229.5 million, it aims to promote responsible production practices, increase the sector's climate resilience, and improve the financial inclusion of coastal communities. To date, it has financed over US\$40.8 million, benefiting around 400 producers.



CATEGORY. SUPPORT FOR WOMEN ENTREPRENEURS

CORPORACIÓN FINANCIERA NACIONAL (CFN)

BREAKING GAPS: ACCESS TO FINANCING FOR WOMEN'S DEVELOPMENT

An initiative that promotes access to credit for women entrepreneurs and business owners. Through partnerships with the World Bank and the IDB, it offers financial products with preferential conditions and partial guarantees channeled through private financial institutions. As of February 2025, the program has financed 15,800 operations, granted 1,945 partial guarantees, and benefited nearly 28,000 MSMEs, 60% of which are led by women.

CATEGORY. REGIONAL AND EXTRA-REGIONAL BANKS

VEB.RF - STATE DEVELOPMENT CORPORATION

PLATFORM GORODA.RF

An analysis and information tool designed to assess and improve quality of life in 250 cities across the country, based on the City Life Index and more than 300 indicators. It leverages technologies such as big data, predictive algorithms, and interactive interfaces to compare cities and guide public policy. The platform includes an ESG Index to measure environmental, social, and governance aspects. Its goal is to support strategic planning, encourage urban investment, and promote citizen participation.

BANCO CENTROAMERICANO DE INTEGRACIÓN ECONÓMICA (BCIE)

GENERATION OF OPERATIONS FOR CLIMATE ACTION AND ENVIRONMENTAL SUSTAINABILITY IN THE SICA REGION

A program aimed at structuring a regional portfolio of climate change adaptation and mitigation projects in the countries of the Central American Integration System (SICA). Funded with non-reimbursable resources from the Climate Change Investment Project Preparation Fund, it has prioritized 67 out of 97 initiatives in sectors such as water, energy, agriculture, biodiversity, and resilient infrastructure. The program has also strengthened the technical capacities of National Designated Authorities and promoted regional coordination in forums such as COP29.



Banco Provincia de Buenos Aires was recognized as the Bank of the Year 2025

With over 200 years of history, Banco Provincia de Buenos Aires (BPBA) has established itself as a strategic institution for the economic, social, and environmental development of Argentina's most productive province. Its role as a public development bank has been revitalized with a clear commitment to inclusion, digitalization, and innovation, making it a cornerstone of national well-being. With assets exceeding US\$14 billion and a loan portfolio that grew by 128% in 2024, the bank allocated 7 out of every 10 dollars disbursed to MSMEs, prioritizing medium- and long-term financing.



Among the most outstanding aspects of its management, the following stand out:

- ▶ **Strong financial performance:** In 2024, the BPBA reported operating income of US\$6.682 billion and a net profit of US\$27.6 million—lower than the previous year, primarily due to exchange rate effects despite inflationary pressures in the economy. The bank's loan portfolio grew by 128%, reaching an 8.9% share of total banking credit and 9.2% of credit to businesses. Meanwhile, its
- ▶ **Portfolio quality and regulatory prudence:** The non-performing loan ratio stood at 1.6%, down from 2.1% in 2023 and below the system-wide average. In terms of solvency, equity over assets reached 20.2%, and its Basel Ratio stood at a strong 25%, demonstrating solid risk coverage.
- ▶ **Comprehensive support for MSMEs and productive recovery:** In 2024, the bank issued loans

totaling over US\$6.4 billion, 84% of which were directed to the productive sector. MSMEs were the main beneficiaries, receiving US\$7 out of every US\$10 of productive financing, with 84% of the businesses being micro and small enterprises. Traditional products were relaunched, and offerings like "Capital de Trabajo Exprés" and "REPYME Inversión" were adapted for specific sectors such as tourism and agribusiness. In addition, the bank promoted Procampo Digital, an innovative platform for the agricultural sector that enables input purchases and access to financing from anywhere with internet connectivity. The service was well received by producers, especially for seeding campaigns, machinery purchases, and financing of agro-ecological practices.

- ▶ **Support for individuals and promotion of consumption:** The bank continued developing financial products with high social impact. Over the year, more than 856,000 individuals received personal loans totaling US\$4.97 billion. New lines of credit were



introduced, including UVA loans and special programs for domestic workers, victims of natural disasters, healthcare workers, retirees, and judicial employees—all at affordable interest rates. At the same time, the bank strengthened its benefits strategy through Cuenta DNI, offering widespread cashbacks, seasonal promotions, and targeted discounts on food, fuel, local markets, transportation, and neighborhood businesses, boosting domestic demand.

- ▶ **Financial inclusion, digitalization, and technological innovation:** 90% of transactions were carried out through digital channels, totaling 220 million operations. The Cuenta DNI app closed the year with 9.9 million users, including teenagers from the age of 13—enabling the inclusion of over 409,000 young people (as of December 2024)—and senior citizens. Meanwhile, Cuenta DNI Comercios surpassed 162,000 registered merchants. The bank also launched Provincia Compras, the country's largest banking marketplace, which on its first anniversary reached US\$14.1 million in sales in a single day.
- ▶ **Support for local governments:** The bank launched Banca Internet Provincia Institucional (BIPI), a platform specifically designed for provincial and municipal public administration. Through Provincia Leasing, it supported 96 municipalities in the province with a total of US\$120 million, enabling the acquisition of equipment and supplies for local management such as vehicles, machinery, lighting, and technology. Provincia NET developed key digital solutions for municipal management (NET Pagos, Chatbot, among others). Through Provincia

Environmental sustainability and internal transformation: The bank reduced its carbon footprint by 16.1% compared to 2023, reaching 15,468 tons of CO₂ equivalent. It reduced its gas consumption by 25.2%, electricity by 6.8%, and fuel by 2.7%.

Fondos, it provided all municipalities with safe, efficient, and low-cost investment alternatives.

- ▶ **Environmental sustainability and internal transformation:** The bank reduced its carbon footprint by 16.1% compared to 2023, reaching 15,468 tons of CO₂ equivalent. It cut gas consumption by 25.2%, electricity by 6.8%, and fuel by 2.7%. Sustainability criteria were applied to 32% of institutional purchases, including cards made from recycled plastic and envelopes made from unbleached paper. Solar panels were installed, generating 99 MWh of renewable energy. The bank also carried out building improvements based on energy efficiency standards, promoted modular architecture, and eliminated the use of paper and plastic in multiple processes.
- ▶ **Sustainable financing and investments:** 6.7% of total loan placements were directed toward environmental or social purposes. The bank participated in the structuring and issuance of seven social, green, or sustainable bonds totaling over US\$220 million, increasing its market share in this segment to 46.7%. Its credit lines, which support 13 of the 17 Sustaina-

ble Development Goals (SDGs), promote energy transition, agroecological production, and the circular economy. In addition, the Provincia Compras platform added a section for sustainable products, registering over 37,000 transactions in this category during the year.

- ▶ **Commitment to gender equality and diversity:** In 2024, the bank strengthened its Gender-Based Violence Response Protocol across the entire organization. 85% of staff received training under the Micaela Law, which addresses gender and diversity issues. It also promoted specific credit lines for women and gender-diverse individuals, gender-focused communication campaigns, and strengthened partnerships with provincial agencies. The initiative Mujeres en la Provincia was consolidated as a key tool for supporting the economic autonomy of women entrepreneurs and business owners in Buenos Aires Province. 59% of the clients served were women.
- ▶ **Financial education with a territorial focus:** The bank implemented a robust educational strategy through programs such as Incluir en Movimiento, RICO.EN.DATA (for high school students), sign language workshops, and livestreamed series on investment, sustainability, diversity, and security. More than 25,000 people participated in these in-person and virtual initiatives, aimed at teaching personal finance management, saving, investing, and fraud prevention. The curriculum covers concepts such as saving, investment, how banks operate, responsible consumption, and identifying risks associated with gambling and digital scams.



Interview with Bettina Prato, Regional Director a.i. of the Latin America and Caribbean Division of the International Fund for Agricultural Development (IFAD)

IFAD invests in the development of the most disadvantaged rural communities. Its objective is to empower the rural population to reduce poverty, increase food security, improve nutrition and strengthen resilience. Its interim Regional Director, who participated in 55th ALIDE General Assembly, reflects on the fundamental role of public development banks and innovation as drivers of sustainable development in Latin America and the Caribbean.

1. WHAT IS IFAD'S MANDATE AND WHAT IS ITS PRESENCE IN LATIN AMERICA?

IFAD is an international financial institution and a specialized agency of the United Nations, whose working model is based on investment with concessional loans and grants in rural development programs and projects, in close collaboration with governments, other financial institutions, rural communities and the private sector. We operate in more than 80 countries worldwide and have invested more than US\$25 billion since our inception in 1977.

In Latin America, we have a portfolio of projects for around US\$2.5 billion. Most of our investments are focused on connecting family farmers and rural communities to markets, and providing access to financial services, technology, and knowledge to improve their livelihoods. We also invest in strengthening rural and agricultural productivity, promote climate adaptation and sustainable management of ecosystems in harmony with nature, and work



Most of our investments focus on connecting family farmers and rural communities to markets and providing access to financial services, technology, and knowledge to improve their livelihoods.

to improve nutrition and strengthen local institutions. Our focus concentrates exclusively on the rural world, especially women, youngsters, indigenous peoples, and vulnerable communities and households.

Rural populations are fundamental to boosting economies and making food systems more sustainable, both in terms of their environmental footprint and the impact on livelihoods and nutrition. By investing in them, enormous benefits can





be achieved in terms of the economy and impact on development.

2. IFAD WORKS IN THE SECTOR OF INVESTMENT FOR DEVELOPMENT. WHERE DO YOU SEE THE GREATEST CHALLENGES AND OPPORTUNITIES IN THE REGION?

Many challenges related to rural and food systems can also be addressed as opportunities from a perspective of financing for development. Let us take as an example extreme weather events, which are having an increasingly disruptive impact on rural economies, from Mexico, Central America, and the Caribbean to South America. In 2024, we suffered the passage of Hurricane Beryl through the Caribbean. The Amazon basin suffered one of the most severe droughts in its history, and serious forest fires were declared in Brazil, Mexico, Belize, and Chile, to cite a few examples. These natural disasters have a strong negative impact on the economy in general and on agriculture: they cause the loss of crops and livestock, damage productive infrastructures and interrupt supply chains. In short, they put at risk the progress that we have made in the fight against

The new climate reality represents a major challenge, but it also offers an opportunity to invest in more sustainable and efficient models of agricultural production, processing, transportation, and even energy production and distribution.

food insecurity and malnutrition in recent years.

The new climate reality represents a major challenge, but it also offers an opportunity to invest in more sustainable and efficient models of agricultural production, processing, transport and even energy production and distribution. This vision of adaptation to climate change is at the heart of our work. For example, in Brazil, in the Amazon region of the state of Maranhão, we work with rural organizations to develop business plans aimed at preventing deforestation and promoting the restoration of degraded lands. In the state of Bahia, also in Brazil, an IFAD-supported project recognizes the value of the work of farmers in preserving the environment. Through payments for environmental services to producers, the benefits in terms of reforestation, water and carbon capture of sustainable cacao cultivation are promoted.

Other major challenges have to do with the limited institutional capacity –especially in the local institutions and in the agricultural sector– and territorial, economic and gender inequality. The latter is evidenced, among other indicators, by the greater prevalence of food insecurity among women than among men. Moreover, the rural areas in many countries where we work suffer from problems of violence and insecurity.

3. HOW CAN INVESTMENT BE ARTICULATED TO ADDRESS THESE CHALLENGES?

These challenges can be addressed, at least in part, through inclusive investment models and smart, strategic partnerships, that incorporate the public and private sectors. We must also take advantage of technological advances to reduce the risk and cost of connecting the most remote rural areas to services, finance and markets. Today we have new technological solutions, with a population increasingly familiar with digital media –including rural areas, particularly among youngsters– and with a growing interest in sustainable investments on the part of governments and the private sector.

There are investment models on which to build in order to move from small pilot projects to high-impact programs, such as structured funds and facilities. There is also an appetite for innovative mechanisms allowing to generate large-scale financing for rural investments. We need to continue to focus on this agenda and ensure that all actors work in alignment in order to take advantage of the potential of the instruments and knowledge that we have, and channel it toward effective and scalable investments in the region.

4. WHAT KIND OF FINANCIAL INSTRUMENTS CAN HELP

INCREASE INVESTMENTS IN RURAL COMMUNITIES?

It is important to distinguish between the instruments needed to mobilize more financing and those that serve to channel that financing in the form of products and services adapted to rural communities.

As for mobilization, concessional public financing continues to play an important role, especially from the perspective of reducing risks and as a catalyst for private investment. When I talk about risk reduction, I don't just mean doing it from a financial standpoint, for example, by taking on first-loss positions or providing collateral. We also reduce risks and transaction costs through investments in quality infrastructure, increasing the productivity and economic capacities of rural communities, strengthening the market and regulatory environment, as well as improving the quality of products. All of this is fundamental to improving the return on investment in rural areas and agri-food systems.

Besides, there is scope to develop more innovative instruments to mobilize capital, such as development bonds, green bonds, impact bonds, debt-for-nature swaps, and portfolio securitization, among others. These are areas where the financial institutions in the region are already active or can play a very important role. In particular, public development banks can be at the forefront of innovation in the financial ecosystem.

A different question is what financial tools we need to increase the productive capacity of small-scale farmers, facilitate their access to markets and strengthen their resilience. Innovation and technology have expanded the offer of new products and services that can help us in this objective. For

example, blockchain technology allows for better registration and traceability of the information on producers, thus facilitating their access to credit and markets. This is the basis of the Agroweb3 project, a platform that was born as a result of a collaboration between IFAD and the Inter-American Development Bank and which, among other things, will support the financial inclusion of the producers with whom we work in the region.

5. WHAT KIND OF INNOVATIONS IS IFAD IMPLEMENTING IN THE REGION?

At IFAD, innovation is part of our DNA. As a specialized international financial institution, we have often taken on the role of 'innovative investor'. We have put in place innovative practices and approaches that we were subsequently able to expand into national or regional programs of a larger scale, led by governments, private investors and other international financial institutions.

Innovation, for us, is not just about technology, but about finding new solutions to the challenges and opportunities related to our mandate. This may include promoting institutional innovations. For example, in the local governance of natural resources, innovative methods of agri-food production, supporting financial institutions in

the design of new specialized products for small-scale family farmers, working with governments to develop the digital infrastructure or digital services and markets, and much more.

In the region, one of IFAD's priorities is to use its financial resources and partnerships to foster a dynamic ecosystem in which innovative business models are developed to improve access to products and services for the rural population. One example is our Innovatech project, which connects tech startups with small producers. The program encourages startups to develop digital applications that producers may easily adopt to improve the management of their businesses, have access to machinery and tools, find new marketing channels, educate themselves financially and access financial services, among other benefits.

6. WHAT ROLE CAN PUBLIC DEVELOPMENT BANKS PLAY IN RESPONDING TO CHALLENGES AS IMPORTANT AS FOOD INSECURITY?

Although there were advances in two consecutive years, still 41 million people suffered from hunger in the region in 2023, and close to 188 million suffered from food insecurity. Rural areas, where paradoxically much of the



food is produced, suffer to a greater extent. One of the main challenges to rural development is the lack of access to financial services by smallholders. In this context, public development banks have a strategic role to play in driving rural development, given that they provide almost two-thirds of formal agricultural credit at a global level. Thanks to their financial capacity and their mandate to correct market failures, they can mobilize private capital and invest in sectors underserved by the traditional market, but which are important from an impact perspective.

The region's national development banks have pioneered innovative solutions, such as green financing, partial credit guarantees and partnerships with rural communities. However, the solution to a challenge of this magnitude requires the collaboration of multiple actors, including the private sector, governments and international organizations. At IFAD, we reaffirm the commitment to continue developing innovative financing models for rural development, in partnership with other institutions. These models include mechanisms such as loans with favorable

conditions, interest rate subsidies, and guarantees to reduce risk, thus attracting more investments toward smallholder farmers.

7. IS IFAD WORKING WITH PUBLIC DEVELOPMENT BANKS IN THE REGION?

Yes. We work with the public development banks of the region in different ambits. In Brazil, IFAD is financing a project with the Banco Nacional de Desenvolvimento Econômico e Social (BNDES), the Green Climate Fund and the governments of the northeastern states of the country, representing a joint investment of US\$252 million. The project promotes sustainable land management and climate resilience, and is expected to have a positive impact for one million people. This is the first financial operation that IFAD has managed directly with a national development bank. This is a successful example of collaboration among various institutional and financial actors, an avenue that we want to continue exploring in other countries in the region.

We are also working on strengthening public development banks. In

May, during the ALIDE Assembly, we launched the project "Inclusive Financial Ecosystem for the Transformation of Food Systems", with Rabo Partnerships. This initiative, which will be developed in the region in Bolivia, Colombia, Ecuador and Mexico, seeks to strengthen the institutional capacity of national development banks; facilitate dialogue and partnerships between governments, financial institutions, the private sector and producer organizations; develop innovative financial solutions; and exchange knowledge.

Moreover, IFAD sponsors, in partnership with the French Development Agency, the Platform of Public Banks for Agricultural Development, which gathers some 140 public development banks and 8 regional organizations or networks from 96 countries. The platform promotes investment in sustainable agricultural development and does so by promoting knowledge sharing and strengthening the capabilities of public development banks. For example, it offers training on how to integrate agroecology into the operations of public development banks, so that they can support the transition of producers toward more sustainable practices.



Digitalization and growth: an approach from the measurement of the impact of Banco Provincia's DNI Account on consumption

This article, prepared by the *Economic Research Department of the Studies Division*, demonstrates the positive and significant impact on consumption and the economy of using digital payment systems as tools for accessing financial services, made available to Argentinians by Banco de la Provincia de Buenos Aires

The use of digital payments has expanded in advanced economies, as well as in emerging and developing markets. While the financial sector has capitalized on this transformation to attract and retain customers through discounts and rewards programs (Arango, Huynh & Sabetti, 2015), businesses have taken advantage of the data generated by these transactions to personalize their offers and improve customer experience. Moreover, proponents of these payment methods argue that their adoption contributes to economic growth and business productivity.

In this line, the BIS (2024) confirmed that the use of digital payments drives per capita income growth and reduces informality, thus supporting government policies that encourage their adoption. Nonetheless, the authors warn about certain methodological limitations. In particular, countries with a high penetration of digital payments could be more developed and productive due to other factors, which makes it



necessary to deepen the analysis with more detailed data to rule out spurious correlations and assess the causality of the phenomenon. In this sense, studies on the impact of policy interventions that promote the adoption of digital payments in specific jurisdictions, such as the one carried out in this analysis, turn out to be fundamental.

Banco Provincia's digital wallet, DNI Account (CDNI), was relaunched in April 2020 and played a key role in

expanding access to financial services in the country, especially in the Province of Buenos Aires. Thanks to its simplified registration process, which allows users to register by validating their identity through biometric authentication in the database of the National Registry of Persons (RENAPER), it succeeded in incorporating millions of people, including those without prior access to the banking system, showing a



resounding result in terms of banking penetration. Specifically, the tool went from having just over 46,600 users in February 2020 to almost 10 million in February 2025.

Subsequently, in November 2021, Banco Provincia’s ecosystem of digital solutions was expanded with the launch of CDNI Business Account (CDNIC), an application for collections aimed at single-tax-payers and registered parties. This tool allows accepting payments from any digital wallet and today has more than 167,000 users. CDNIC is fully interoperable and offers the same benefits and promotions as CDNI. Thanks to its agile functioning, any local business with a smartphone can receive payments with immediate crediting, without the need for capture terminals, and pass on to its customers the discounts promoted by the institution to strengthen consumption and dynamize sales. With these two solutions, Banco Provincia consolidated its position as the first financial institution in Argentina to operate as an issuer and as a payment acceptor.

Unlike Valens (2024), the current analysis focuses on evaluating the impact of the DNI Account (CDNI) on individuals. To determine the causal impact on the consumption of Banco Provincia’s digital wallet, a quasi-experimental approach was employed which simulates a random assignment. In particular, they sought to quantify the average impact of the use of CDNI on consumption during the first half of 2024, a period in which national and provincial consumption was strongly affected. With this in mind, the central question of the analysis was: what would CDNI users’ consumption have been like if they had not used the tool (nor its promotions)? To give an answer, it was possible to observe the

consumption of the treated users, but not their consumption without the (counterfactual) intervention. Hence, they resorted to constructing a control group composed of individuals who did not use CDNI but who shared observable characteristics similar to those of the treated users. In this way, any difference in the results can be attributable to the effect of the CDNI policy itself.

The database used comes from the information collected by the institution. It was provided by the Business Intelligence department and pertains to the personal characteristics and consumption made by its customers during 2023 and the first semester of 2024. To perform the analysis, the information was filtered to obtain two populations. On the one hand, individuals who were customers of the Bank throughout 2023 and began the treatment in January 2024 and, on the other hand, individuals who were also customers throughout 2023, but who as of July 1, 2024, had not been treated yet.

Although the wallet currently has approximately 10 million users, by

carrying out the aforementioned filters and adding the conditionality that all individuals have a savings account with the Bank plus an additional product (Visa or Mastercard credit card), in order to be able to more adequately track the consumption that they make, the database consisted of a treated group of 45,903 individuals and a control group of 228,659 individuals, who were observed in different time periods. Following Rosenbaum and Rubin (1983), a matching was performed based on the propensity score, a method commonly known as Propensity Score Matching (PSM). To do this, the probability of being treated was calculated based on its observable characteristics and matched based on this using the algorithm of the nearest neighbor .

The estimation of the PSM was carried out through a probit regression, where different variables were included to explain the use of CDNI. Table 1 shows the results of the model, all of which are statistically significant, with the probability of using CDNI being positively explained by being a woman, having education, the

TABLE 1. Marginal Effects of the Probabilistic Regression Model for PSM in 202312. Dependent variable: treatment in 202401

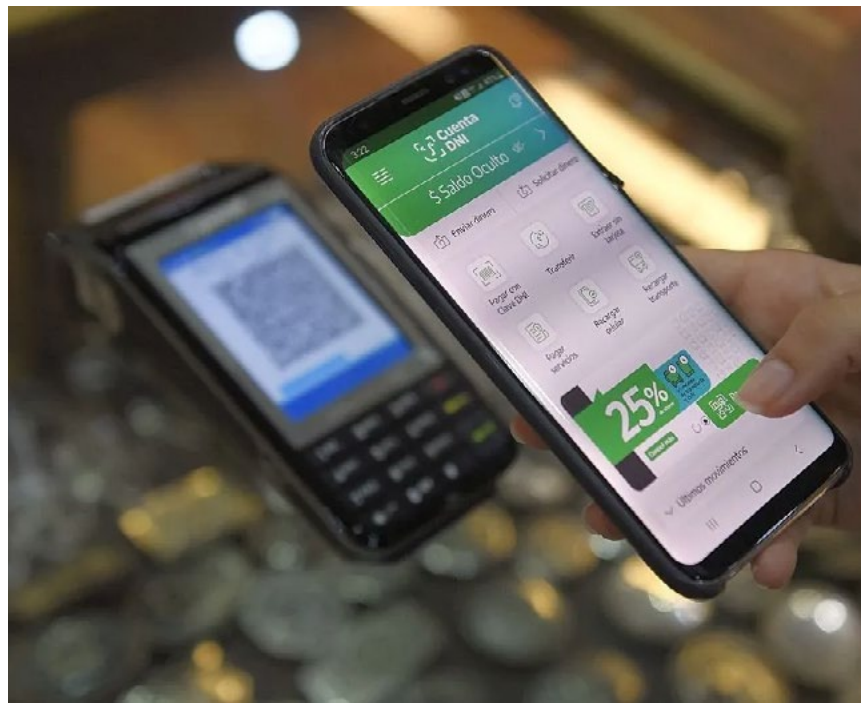
	Delta-method					[95% conf. interval]	
	dy/dx	std. err.	Z	P> z			
age	-0.0013172	0.0000335	-39.32	0.000	-0.0013829	-0.0012516	
sex	-0.0155431	0.0010007	-15.53	0.000	-0.0175041	-0.0135821	
studies	0.0116967	0.0004912	23.81	0.000	0.010734	0.0126594	
number_children	0.0002989	0.0000936	3.19	0.001	0.0001156	0.0004822	
delinquent_debtor	-0.0218429	0.0022618	-10.74	0.000	-0.0332572	-0.0229926	
holder_savings_bank_dollars	0.0152174	0.0010693	14.23	0.000	0.0131216	0.0173131	
pf_holder_pesos	0.01229	0.0013317	9.23	0.000	0.0096816	0.0148984	
sum_purchases_debit	5.83e-08	2.73e-09	21.40	0.000	5.30e-08	6.37e-08	
purchase_limit_visa	-2.24e-09	1.19e-10	-18.90	0.000	-2.47e-09	-2.01e-09	
debit_card_holder	-0.1893196	0.0030766	-61.54	0.000	-0.1953496	-0.1832896	
statutory_deposit	1.53e-08	1.19e-09	12.91	0.000	1.30e-08	1.76e-08	
center	0.0002478	0.0001222	2.03	0.042	8.24e-06	0.0004874	
average_balance_ca_pesos	-2.07e-09	6.41e-10	-3.23	0.001	-3.33e-09	-8.14e-10	
average_balance_cc_pesos	-6.97e-09	1.17e-09	-5.98	0.000	-9.26e-09	-4.69e-09	

Source: In-house calculations with information provided by the Business Intelligence department.



number of children, being the holder of a savings account in dollars, having a fixed term in pesos, greater purchases with debit, receiving a salary at the Bank and being located in a shopping center different from the region and home in Buenos Aires. Moreover, the probability of having the tool is negatively explained by age, being a delinquent debtor, having a higher purchase limit with the visa card, being a debit card holder, having a higher average balance in the savings account in pesos and having a higher average balance in the checking account in pesos. Also, as can be seen in Table 2, the quality of the matching achieved with this model is adequate, that is, the matching allows the construction of credible counterfactuals.

Although this method has been widely used to evaluate programs, its most adequate use is by combining it with other methods that allow accounting for unobservable characteristics that could also be affecting the results, generally with the Differences in Differences (DiD) method. That estimation allows controlling for any unobservable characteristics that are constant over time between the treatment group and the control group. To carry it out, once the control group has been selected, the impact of the program is calculated by



contrasting the differences in consumption between the previous and subsequent periods among individuals who use CDNI (treated) and those who do not use CDNI (controls), or in other words, a δ defined by:

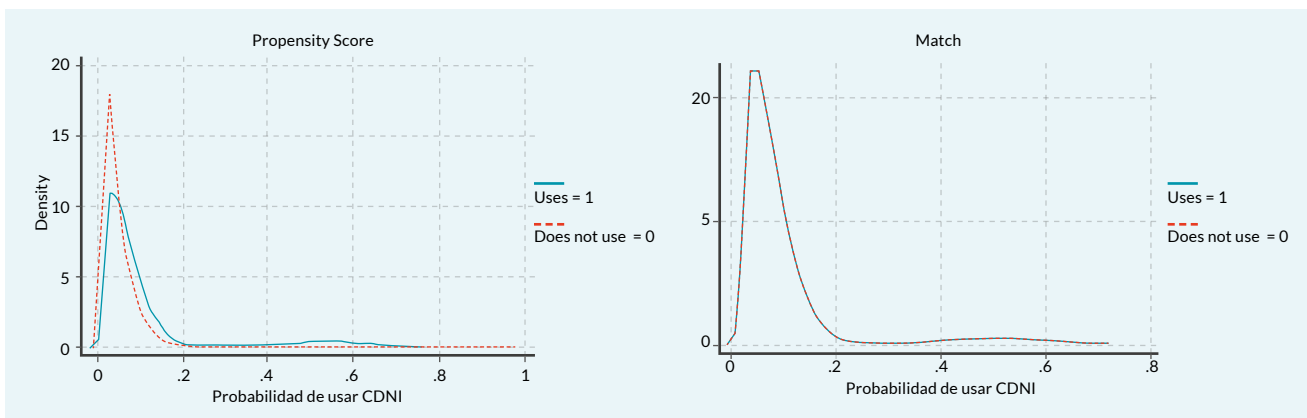
$$\delta = (\bar{y}_{\text{treated}, t2} - \bar{y}_{\text{control}, t2}) - (\bar{y}_{\text{treated}, t1} - \bar{y}_{\text{control}, t1})$$

Which will be estimated by means of the following model:

$$Y_{it} = \alpha_i + \delta DiD_{it} + \gamma X_{it} + e_{it}$$

Where Y_{it} is the total consumption of individual i in period t ; α_i are all the constant factors over time that affect the result in consumption and are specific to the level of the individual; DiD_{it} is a binary variable that indicates which individuals received the treatment in period t and, therefore, δ is the parameter of interest given that it reflects the impact of using the tool; X_{it} is the control variables that vary over time and e_{it} is the error term that is assumed not correlated with DiD_{it} . Standard errors are clustered at the individual level so that the statistical inference is robust.

TABLE 2. Graphical Match Evidence



Source: In-house calculations with information provided by the Business Intelligence department.



Table 3 presents the result of the aforementioned specified model, calculated by means of fixed effects in a strongly balanced panel of 18 periods for the model that presented good performance when testing the match. The estimation indicates that the use of CDNI had a positive and significant impact on consumption of 18.7%, thus demonstrating the effect on the activity of this tool developed by the Buenos Aires public banking. It is also worth mentioning that, in order to evaluate the robustness of this result, it was analyzed whether in the period prior to treatment (202301 to 202312) the trends between the control group and the treatment group were similar, concluding that the assumption of parallel trends is satisfactorily fulfilled. Moreover, a placebo test was carried out using a false treatment group, resulting in a coefficient that is not statistically significant in the DiD model, which allows us to assure that the identification strategy to isolate the effect attributable to the use of the wallet was correct.

TABLA 3. Impact of CDNI on Consumption.
Dependent variable: total consumption

Treatment and time information					
Time variable:	Cod_Anio_Mes				
Control:	did = 0				
Treatment:	did = 1				
	Control	Treatment			
Group					
Id_d_Cliente	11596	12525			
Time					
Minimum	202301	202401			
Maximum	202406	202406			
Difference-in-differences regression			Number of obs = 374,079		
Data type: Longitudinal					
(Std. err. adjusted for 24,121 clusters in Id_d_Cliente)					
	1consumo	Robust			
	Coefficient	std. err.	t	P> t	[95% conf. interval]
ATET					
	did				
	(1 vs 0)	.1872227	.009702	19.30	0.000 .1682061 .2062393
Note: ATET estimate adjusted for covariates, papel effects, and time effects, and time effects.					

Source: In-house calculations with information provided by the Business Intelligence department.

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1. Coinciding with the beginning of the Preventive and Mandatory Social Isolation (ASPO) due to the COVID-19 pandemic.
 2. Registration of the CDNI wallet.
 3. Only 1 neighbor, given that it is a more demanding criterion that makes the analysis more robust.
 4. It was also verified that there is common support and that in the mean tests the null hypothesis that they are equal between treated and untreated in all variables cannot be rejected.
 5. At June 2024 prices.

Development Instruments with Gender Perspectives

Financial inclusion is a key objective for economic development in Latin America and the Caribbean (LAC), especially of micro, small and medium-sized enterprises (MSMEs) led by women. Despite the advances in the last decade, significant gaps persist in terms of access to financial services, particularly for women entrepreneurs.

The gender gap in LAC in bank account ownership is 7%, behind only the Middle East, Sub-Saharan Africa and South Asia, reflecting the barriers that women face to fully participate in the economy.

The COVID-19 pandemic accelerated the use of digital financial services, such as mobile money accounts, which allowed more women and vulnerable populations to access basic financial products. However, 30% of women in the region are still unbanked, which limits their ability to save, invest, and cope with economic hardship. Gender gaps are more pronounced in access to credit, crucial for entrepreneurship and business growth. Women-owned or women-led MSMEs are confronted with multiple barriers to accessing financing. Thus, we have:



► **Gender Gap in Access to Credit:**

Although almost 50% of companies in LAC have some female participation in their shareholding, there is a significant gap in financing. According to the IDB, the financing gap for women-owned SMEs is approximately US\$92 billion, and for microenterprises, US\$5 billion. Women are less likely to apply for formal loans, and, when they do, they face higher interest rates and lower amounts compared to men. For example, in Mexico, the average

30% of women in the region are still unbanked, which limits their ability to save, invest, and cope with economic hardship. Gender gaps are more pronounced in access to credit, crucial for entrepreneurship and business growth.

interest rate for women is 8.2%, compared to 7.6% for men.

- **Lack of collateral:** Women often lack the assets needed to offer as collateral, such as property or vehicles. According to a study by

the Center for Argentine Political Economy (CEPA), the gender gap goes beyond income, as it is manifested at the equity level, so seven out of ten Argentines with declared personal assets are men.



► **Biases in risk assessment:** The risk assessment models used by financial institutions often do not take gender differences into account. A study by PwC and TotalMoney shows that, on average, women have a credit score 10 points lower than men and it persists throughout their lives. This results in a perception of greater risk associated with women, despite the fact that female delinquency rates do not support this belief.

► **Concentration in lower-value sectors:** Women-owned businesses tend to be concentrated in sectors that banks perceive as having a lower value or being riskier, such as retail trade or personal services. According to ECLAC, 58% of women-owned businesses in LAC are in the services sector, compared to 42% of male-owned businesses. This limits their access to more sophisticated financing and lower interest rates.

► **Self-exclusion and lack of trust:** Many women exclude themselves from the formal credit market due to the perception that they will not be approved or due to a lack of trust in financial institutions. According to the Global Entrepreneurship Monitor (GEM), 47% of women entrepreneurs in LAC believe that they would not qualify for a bank loan, compared to 38% of men.

In this context, NDBs have emerged as key players in closing these gaps, considering their mandate to promote inclusive economic development, which positions them to design products adapted to the needs of women entrepreneurs. Thus, through a mapping of 30 development banks in 16 countries in the region, we identify the strategies and tools that



these institutions are implementing to improve access to financing and promote the business development of women.

FINANCIAL INSTRUMENTS FOR WOMEN-LED MSMEs

Development banks have implemented a variety of financial instruments to address the specific needs of women-led MSMEs. These instruments are adapted to the particularities of the economic sectors in which women entrepreneurs operate, as well as to the challenges that they are confronted with in terms of access to credit, guarantees and business cycles.

► **Direct credits:** One of the most common instruments used by development banks is direct credit, where the bank acts as a commercial bank and provides financing directly to women entrepreneurs. This type of credit focuses on the financing of fixed assets and working capital. According to the mapping carried out, 70% of development banks offer direct loans for working capital, while 50% provide loans

NDBs are key players in closing these gaps, given their mandate to promote inclusive economic development, which positions them to design products tailored to the needs of women entrepreneurs.

for investment. These credits are usually complemented by concessional financing, which consists in loans at reduced interest rates, granted by international institutions focused on gender initiatives.

► **Rediscount credits:** Another key financial tool is rediscount credits, where development banks provide lines of credit to local financial intermediaries, such as banks or microfinance institutions, which, in turn, distribute the funds among the women entrepreneurs. This mechanism is particularly effective in reaching a large number of MSMEs that have difficulty

accessing external financing. 23% of development banks offer rediscount loans for investment, while 20% offer them for working capital.

- ▶ **Guarantees:** These are another important financial instrument that these banks use to facilitate access to credit for women-led MSMEs. These guarantees reduce the uncertainty generated by asymmetric information, a particularly serious problem for women entrepreneurs who lack tangible assets to offer as collateral. 20% of development banks offer women-specific guarantee funds, such as the Guarantee Fund for Women (FOGAMU) in Paraguay and FOGAIN Women in Chile. These funds allow women entrepreneurs to access loans with lower interest rates and in larger amounts.
- ▶ **Seed capital and venture capital:** Although less common than debt instruments, some development banks also offer capital financing for women-led MSMEs. This type of financing is crucial for early-stage or growth-stage businesses, as it allows them to access resources without the pressure of immediate payments. However, only 10% of development banks offer seed capital and venture capital programs, which indicates that there is still ample margin to expand this type of financing.
- ▶ **Factoring and leasing:** These are alternative financing mechanisms that seek to grant resources for working capital and capital goods, respectively. These products are increasingly being geared towards women entrepreneurs, although their use continues to be limited. Only 7% of development banks offer factoring, and 3% offer

leasing. These instruments are particularly useful in reducing transaction costs and the dependency on traditional collateral.

NON-FINANCIAL SERVICES FOR WOMEN-LED MSMEs

Aside from financial instruments, development banks are offering a variety of non-financial services that are essential for the success of women-led MSMEs. These services complement financial support with tools and resources that allow women entrepreneurs to better manage their businesses and improve their competitiveness in the market.

- ▶ **Training and capacity building:** 70% of development banks offer training programs for women entrepreneurs, focused on entrepreneurial skills, financial management, technological updating, and legal procedures. These programs are critical to improving the ability of women to manage their businesses and make informed decisions. For example, the “BN Mujer” (BN Woman) program in Costa Rica offers virtual training workshops and personalized technical advice to help women entrepreneurs scale their businesses. Moreover, in Bolivia, the “BDP Mujer” (BDP Woman) program, through different platforms and training workshops, promotes women to have digital and financial inclusion, through its applications, remote technical assistance and financial inclusion workshops that favor the empowerment of the different entrepreneurial and productive sectors led by women.
- ▶ **Technical assistance and mentoring:** 47% of development banks offer technical assistance and mentoring to women-led

MSMEs. These services include direct interactions with experts in areas such as accounting, finance, and marketing, allowing women entrepreneurs to receive personalized guidance to overcome their specific business challenges. For example, the “BICE Mujeres que Lideran” (BICE Women Who Lead) program in Argentina combines credit with mentoring and networking activities, generating valuable connections among businesswomen.

- ▶ **Information dissemination:** 40% of development banks offer information dissemination services, which include the publication of guides, manuals, and online resources to help women entrepreneurs access relevant information on financing, markets, and regulations. These resources are particularly useful for women in rural or remote areas, where access to information may be limited.
- ▶ **Creating support networks:** 24% of development banks offer opportunities for creating networks, which allow women entrepreneurs to connect with other market players, such as suppliers, buyers, and mentors. These networks are essential to foster collaboration and knowledge-sharing among women entrepreneurs, which can lead to new business opportunities and strategic alliances.

MAIN CHARACTERISTICS OF FINANCIAL AND NON-FINANCIAL PRODUCTS

They are designed to adapt to the specific needs of women-led MSMEs. Some of the key features of these products are described below:

- ▶ **Terms adapted to the needs of women entrepreneurs:** Deve-





SPECIFIC EXPERIENCES AND PRODUCTS

Over the last few years, the number of NDBs recognized for their success in financing women-led SMEs has been increasing. This section provides a brief overview of their models and impact:

- Development banks have structured repayment deadlines according to the objectives and characteristics of the projects of women entrepreneurs. For example, working capital credits typically have short deadlines (up to 3 years), while investment credits can have longer deadlines (up to 10 years). This flexibility allows women entrepreneurs to better manage their cash flow and make long-term investments.
- ▶ **Interest rates and subsidies:** These rates vary amply among programs, but many development banks offer preferential rates for women entrepreneurs. For example, the “Semilla Mujer” (Seed Woman) program in Bolivia offers rates of 7% per year for productive activities. Moreover, some programs include government or international donor subsidies to lower interest rates and make credit more accessible to low-income women entrepreneurs.
 - ▶ **Flexible guarantees:** Collateral requirements are a key factor in access to credit. Many development banks have adopted flexible approaches to collateral, such

as the granting of loans on mere signature or the use of personal and community guarantees. These approaches are particularly useful for women who lack tangible assets to offer as collateral.

- ▶ **Disbursement mechanisms:** Development banks use different disbursement mechanisms, such as direct disbursement and rediscounting. Direct disbursement allows for a closer relationship with women entrepreneurs, while rediscounting is more efficient in terms of scope and cost. The choice of the mechanism depends on the institutional capacity of the bank and the country’s financial infrastructure.
 - ▶ **Geographic perspective:** These institutions are designing financial products that address the specific needs of women entrepreneurs in urban and rural areas. In rural areas, programs tend to focus on agricultural-livestock activities and offer longer deadlines and subsidized interest rates. In urban areas, programs are more geared toward sectors such as commerce, services, and manufacturing.
- ▶ Banco de Inversión y Comercio Exterior (BICE) of Argentina: It stands out for its “Mujeres que lideran” (Women who lead) program which offers the use of variable interest rates, along with solid training and networking services. Its direct lending approach fosters close collaboration and support. From its inception until the end of 2023, the program financed 418 companies, granting more than US\$210 million. During this period, the share of women-led companies in the total financing portfolio increased from 8% to 16% in the number of companies served, and from 7% to 16% in terms of disbursements. Moreover, 47% of these companies received financing that covered more than 80% of their investment.
 - ▶ Banco de Desenvolvimento de Minas Gerais (BDMG) of Brazil: Reflects its commitment to gender equality through its internal diversity programs providing significant credit support for women-led businesses. Its Woman Entrepreneur from Minas Gerais line, launched in October 2018, offers interest rates lower than those of other products in the same category offered by the Bank, which constitutes another differentiating characteristic of the product, in order to give women in Minas Gerais the opportunity and incentive to grow their businesses, with the aim of reducing gender inequality in the State of Minas.

The line is 100% digital, in order that women-led MSEs may have access through the BDMG Digital online platform in a simple and agile manner. The credit analysis is carried out using the algorithm developed for the platform and takes up to one hour, based on integration with databases, the information provided by the customers and a risk analysis model based on credit scoring. The system is integrated with the databases of verification bodies such as the Banco Central do Brasil and the State Secretariat for Finance. Between 2018 and late 2023, the Bank backed women entrepreneurs with exclusive financing lines. In total, US\$54 million have already been granted to 5,054 women entrepreneurs in Minas Gerais.

- ▶ Development Finance Corporation (DFC) of Belize: demonstrates how NDBs collaborate with governments and other institutions to achieve financial inclusion. Its “Préstamos Empresariales Empoderados” (Empowered Business Loans) program, with reduced interest rates, seeks to support women entrepreneurs. As of December 2023, the value of these loans to women also doubled, given that women accessed 78% of these loans. This product is training women entrepreneurs to establish and grow their businesses. In late 2023, the loan portfolio of the Corporation was US\$76 million, of which more than 36% is aimed at women.
- ▶ Banco de Desarrollo Productivo (BDP) of Bolivia: through its “BDP Mujer” (BDP Woman) program, it successfully provides financing and the related training, directly serving women entrepreneurs in

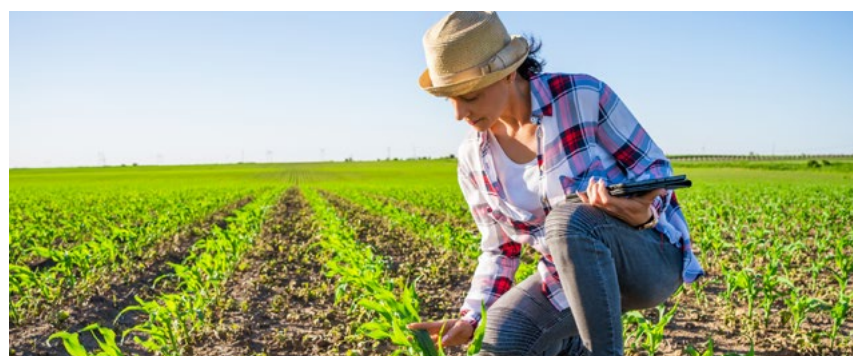
the agriculture-livestock and manufacturing sectors. Through the program, it was possible to finance 9,269 women entrepreneurs, with an amount disbursed of US\$78 million in order to strengthen productive units belonging to women throughout Bolivia, 92% directed to investment and 8% to working capital. In terms of technical assistance, until February 2024, the BDP benefited close to 14 thousand women with specialized training and more than 26 thousand women with generic training. Moreover, some 2,500 women received mentoring for the preparation of Business Plans, resulting in 1,559 women who succeeded in obtaining financing to establish their business.

- ▶ Banco de Comercio Exterior de Colombia (Bancoldex): stands out by its important initiatives to improve the response capacity of the financial sector to female entrepreneurship. It operates with direct credit models and through intermediaries. In attending to microenterprises, the Bank disbursed close to US\$240 million to more than 100,000 microentrepreneurs, of which about 62,000 are women.

These cases underscore the crucial role that NDBs play in promoting the economic empowerment of women through tailor-made financial and non-financial products and services. By

working closely with entrepreneurs, designing innovative products and investing in capacity-building, these institutions play a crucial role in reducing the gender finance gap. The success of these initiatives demonstrates that financing for women entrepreneurs cannot be approached solely from a traditional credit perspective. A holistic approach is required that combines financial innovation, capability-building, digital technology and building sustainable business ecosystems.

These case studies stand out because they are tailor-made, designed to address specific needs and contexts. While significant advances have been made, the challenge of closing the financial gender gap, continuous monitoring, evaluation, and innovation are essential to address persistent barriers, refine strategies, and ensure that financial products and services reach the women entrepreneurs who need them most. Furthermore, initiatives that promote gender equity across the financial sector are crucial, including fighting against implicit bias in credit assessments and fostering greater awareness of gender equality in financial decision-making. In order to fully develop the potential of women entrepreneurs and to contribute to inclusive and sustainable economic growth, it is fundamental to foster the collaboration among NDBs and public and private bodies.



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