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INTERVIEW

SEBASTIÁN NIETO-PARRA,

Head of the Regional
Division at the OECD
Development Centre

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Message from the president



The world continues to undergo profound changes that are redefining the dynamics of the international economy, sustainability, and international cooperation. We are living in a time when technological advances, energy transitions, new trade patterns, and the demands of climate action are moving at an unprecedented pace. At the same time, global challenges—such as climate change; debt issues, particularly in more developed countries; geopolitical fragmentation; and growing inequalities—are testing countries' ability to find joint and sustainable solutions.

In this highly dynamic context, new opportunities are emerging for Latin America and the Caribbean to position itself and play a greater role in the transition toward more inclusive, resilient, and sustainable development. Our region holds strategic assets—such as biodiversity, water resources, renewable energy potential, and agricultural wealth—that place it at the center of the solutions the world is seeking.

Throughout this process of change, our Development Banking system has constantly adapted and responded to adverse contexts by providing countercyclical financing, channeling resources toward strategic sectors, creating financial innovations, and now facing challenges whose effects go beyond the national scope.

It is therefore worth noting that the Fourth International Conference on Financing for Development (FfD4), held in Seville, Spain—with ALIDE in attendance—was a clear reflection of this moment. There, the member states adopted the Seville Commitment, which explicitly places public development banks in a prominent position within the new international financial architecture and acknowledges their greater relevance compared to previous summits.

This milestone reaffirms that Development Banking is not only a source of financing, but also a strategic actor capable of directing resources toward a just energy transition, sustainable infrastructure, inclusive digitalization, and resilient agriculture, among other issues of significant global importance. In a global context marked by fiscal constraints and the need to channel large-scale investments, Development Banking is emerging as a reliable and experienced strategic partner for mobilizing both private and public capital in support of the Sustainable Development Goals (SDGs).

Looking ahead, COP30, to be held in Brazil, stands as a historic platform for Latin America and the Caribbean to demonstrate to the world its leadership in climate action.

The region is not only highly vulnerable to the effects of climate change, but also possesses the resources and knowledge needed to drive global solutions—from the Amazon bioeconomy and the energy transition based on renewable resources to biodiversity conservation and sustainable food systems.

In this context, Development Banking is likewise called upon to play a key role in financing—as an architect of public-private partnerships, a promoter of trust, and a catalyst for innovation. Its ability to bring together diverse stakeholders—governments, the private sector, multilateral organizations, and civil society—makes it a fundamental pillar for transforming global challenges into regional opportunities. With strategic vision and collective action, the Latin American and Caribbean region can adapt to global changes and move toward a fairer, more inclusive, and more sustainable future for all.

Sincerely,

Juan Cuattromo
President of ALIDE

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Seville Commitment: A New Roadmap for Development Banking

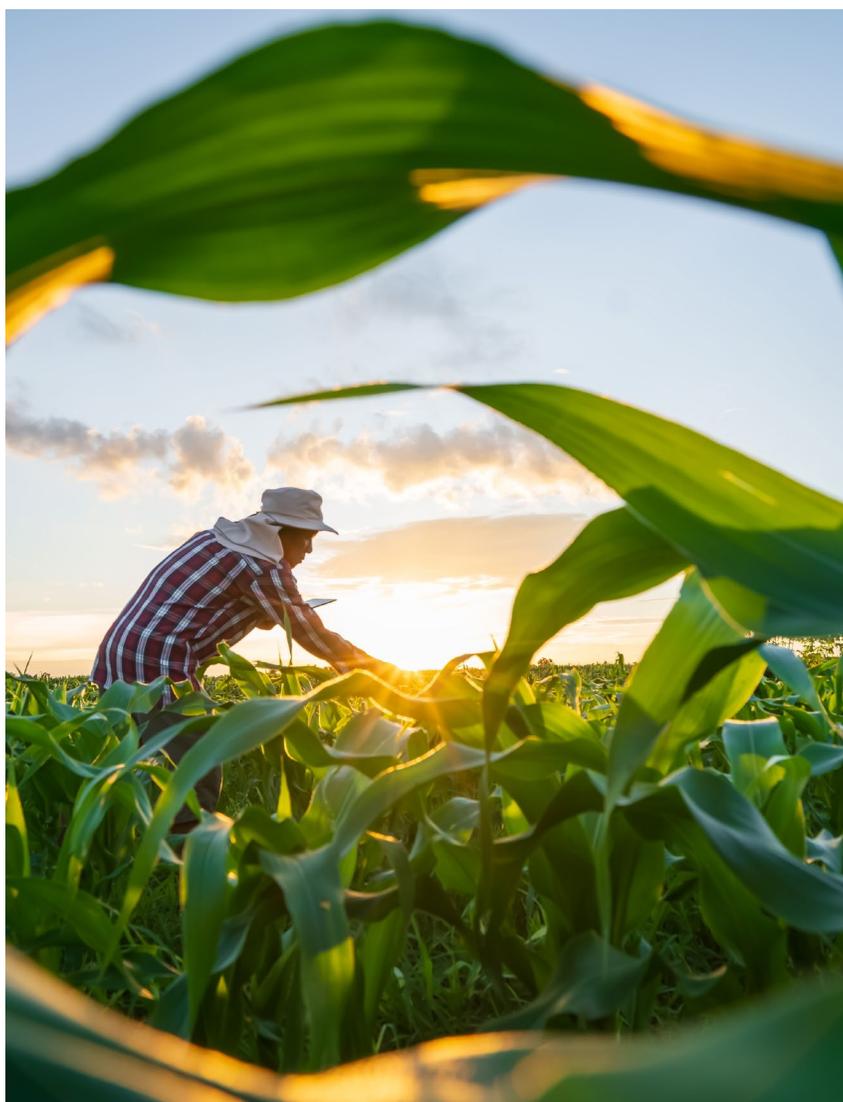
The Seville Commitment redefines the role of public development banks within the new global financial paradigm. Adopted at the Fourth International Conference on Financing for Development (FFD4), this historic agreement promotes a profound reform of the international financial architecture, placing national development banks at the center of resource mobilization to address the climate crisis, inequalities, and the challenges of the global economy. For Latin America and the Caribbean, the conference represented a key opportunity to highlight the region's contribution through ALIDE and to strengthen its integration into the global sustainable development agenda.

From June 30 to July 3, 2025, the city of Seville hosted a landmark event for the future of global finance: the Fourth International Conference on Financing for Development (FFD4).

At the conference, the Seville Commitment was adopted—a document that renews the global framework for action on development financing and, more explicitly than ever before, positions national public development banks (NDBs) as key actors in closing the growing sustainable investment gap, estimated at over US\$4 trillion per year.

The conference featured the active participation of the Latin American Association of Development Finance Institutions (ALIDE), which represented the voice of Development Banking in Latin America and the Caribbean (LAC). ALIDE highlighted the strategic role of these institutions in mobilizing resources to advance the 2030 Agenda, particularly in contexts of fiscal constraints, persistent inequalities, and vulnerabilities to climate change.

ALIDE's participation made it possible to highlight the region's progress,





challenges, and concrete proposals to strengthen its development finance architecture.

PUBLIC DEVELOPMENT BANKING AT THE CENTER OF THE NEW FINANCIAL PARADIGM

The Seville Commitment recognizes that the magnitude and urgency of current challenges –including climate change, structural inequality, debt crises, geopolitical tensions, food insecurity, and biodiversity loss, among others– demand a more prominent role for public financial institutions at both the national and regional levels. In this context, a specific section is devoted to national public development banks, identifying them as key agents in providing countercyclical financing, closing structural gaps, and promoting strategic sectors for sustainable development.

The Seville Commitment recognizes that the magnitude and urgency of current challenges demand a more prominent role for public financial institutions.

THE COMMITMENTS MADE BY MEMBER STATES AIM TO STRENGTHEN THEIR ACTIONS ON SEVERAL FRONTS, FOR EXAMPLE:

- ▶ Strengthening institutional and operational capacities, with financial and technical support from multilateral banks, cooperation agencies, and international organizations, to improve long-term planning and risk management.
- ▶ Aligning mandates with the SDGs by integrating gender equality, environmental sustainability, governance, and transparency, as

well as social and environmental safeguards.

- ▶ Harmonizing regulatory frameworks to enable innovative and differentiated financing approaches, tailored to the public nature of development banks, and to facilitate their action in underserved sectors.
- ▶ Promoting hybrid and blended financing that combines public and private resources without compromising financial sustainability or the development mission.





- ▶ Promoting the use of local currency in financing operations to reduce exchange rate risks and strengthen domestic financial markets, especially in vulnerable economies.

SOUTH-SOUTH COOPERATION AND REGIONAL NETWORKS

The commitment also highlights the need to build a more inclusive, representative, and responsive international financial architecture that reflects the realities of the Global South. It underscores the importance of regional mechanisms and networks such as ALIDE to channel resources, develop tailored financial solutions, and facilitate technical cooperation among developing countries.

Within this framework, Development Banking is positioned as a pillar of south-south cooperation, particularly in Latin America and the Caribbean, where NDBs serve as public policy instruments in areas such as housing, sustainable infrastructure, energy

ALIDE plays a vital role in facilitating knowledge transfer, peer learning, and capacity development, and serves as a bridge between national and multilateral development banks, promoting their access to common platforms for guarantees, technical assistance, and climate finance.

transition, resilient agriculture, financial inclusion, and digitalization.

With more than 80 members, ALIDE plays a vital role in facilitating knowledge transfer, peer learning, and capacity development. It also serves as a bridge between national and multilateral development banks (IDB, CAF, FONPLATA, CABEL, AFD, KfW, CDB, among others), promoting their access to common platforms for guarantees, technical assistance, and climate finance.

REFORM OF THE INTERNATIONAL FINANCIAL ARCHITECTURE: AN OPPORTUNITY FOR THE REGION

One of the pillars of the Seville Commitment is the mobilization of private capital toward sustainable development. To this end, it emphasizes the promotion of blended finance, thematic bonds (green, social, and sustainable), guarantees, and risk-sharing schemes, recognizing that public financing alone is not sufficient to close the gaps. In this context, national development banks (NDBs) and multilateral banks are regarded as catalysts for private investment and as bridges between the public and private sectors.

It also underscores the urgency for multilateral development banks (MDBs) to expand their lending capacity —including through hybrid capital, securitization, and guarantees—, increase local currency lending, strengthen concessional replenishments, and coordinate more

closely with NDBs through networks such as Finance in Common (FiCS).

The commitment also recognizes the importance of international trade and productive integration for development. Therefore, MDBs and NDBs are urged to invest in physical and digital infrastructure related to trade – such as roads, railways, ports, power grids, and basic digital infrastructure—, and middle-income countries are encouraged to modernize their logistics corridors and regional trade networks.

Likewise, trade financing is encouraged, with an emphasis on expanding access for micro, small, and medium-sized enterprises (MSMEs), women- and youth-led businesses, and inclusive enterprises. NDBs are called upon to remove barriers to credit access and reduce transaction costs to facilitate exports and sustainable industrialization. The role of the International Trade Centre is also recognized for supporting MSMEs in enhancing their competitiveness, market access, and economic diversification.

IN THE CASE OF LATIN AMERICA AND THE CARIBBEAN, THIS ENTAILS:

- ▶ Developing capacities to structure bankable projects, particularly in resilient infrastructure, energy transition, green housing, bio-economy, and sustainable food systems.
- ▶ Expanding access to financing for MSMEs and the social economy through microcredits, local banks, cooperatives, and national development banks, including guarantees and on-lending channeled through multilateral institutions.
- ▶ Promoting the digital transformation of NDBs and other

development institutions by incorporating digital financial services, artificial intelligence, and modern risk management platforms.

- ▶ Improving impact assessment systems with common metrics aligned with the SDGs, but adapted to regional realities.

ALIDE AND REGIONAL ASSOCIATIONS AS BRIDGES TOWARD THE FUTURE OF DEVELOPMENT FINANCE

The adoption of the Seville Commitment marks a turning point in the development finance system. In the face of increasingly complex and urgent challenges, national public development banks are called upon to reinvent themselves as agents of structural transformation, capable of mobilizing resources, reducing

inequalities, and building economic and social resilience.

In this endeavor, ALIDE reaffirms its role as a regional platform for collective action, supporting its members in implementing the global agenda, promoting strategic alliances, fostering financial innovation, and strengthening the region's capacities to lead its own sustainable development.

The active participation of regional associations from other continents at the Seville Conference not only brought visibility to the work of development banks from Latin America and the Caribbean, Asia, Europe, and Africa, but also consolidated the role of ALIDE and other regional associations as strategic actors in the new international financial architecture being advanced by national, regional, and global—both public and private—actors.



Interview with Sebastián Nieto-Parra, Head of the Regional Division at the OECD Development Centre

Sebastián Nieto-Parra, Head of the Regional Division of the OECD Development Centre, highlights the key role of national development banks (NDBs) in mobilizing resources for the global sustainable finance agenda and emphasizes the need to strengthen their capacities, diversify financial instruments, and foster partnerships with multilateral and bilateral actors. He also emphasizes that NDBs are essential for promoting the green transition, digital transformation, and productive inclusion in Latin America, in line with the commitments made in Seville.

1. IN THE GLOBAL DEVELOPMENT FINANCE AGENDA, WHAT ROLE DO NATIONAL DEVELOPMENT BANKS PLAY NOW AND IN THE FUTURE?

To answer your question, we must first take into account the international conditions we are currently facing. We are witnessing a context of limited fiscal resources in which, both in developed economies and in emerging and developing ones, improvements must be made to the structure of spending and taxation in order to ensure the fiscal sustainability of their countries. In this scenario, it is important to design mechanisms that facilitate the domestic mobilization of resources beyond tax revenues, in which national development banks (NDBs) play a central role.

Thus, as we pointed out in our annual report “Latin American Economic Outlook” (known by its acronym LEO), which we prepare each year together with CAF, ECLAC, and the European Commission, we must reflect on and implement mechanisms that ensure a greater impact of NDBs.



At the international level, this means doing more with less through greater coordination and collaboration among multilateral development banks, bilateral development finance institutions (DFIs), and national and subnational development banks in emerging and developing economies.

In a changing international context characterized by fiscal constraints in most countries, it is crucial to promote the activities of NDBs within the development finance agenda.

Among these actors, at the financial level, efforts should continue to promote operations that facilitate leverage and reduce financing costs through, for example, guarantees or intermediate financing operations, also known as mezzanine operations. We already have several practices in the region that can be increasingly replicated. For example, regarding mezzanine operations, the French Development Agency signed a Tier 2 agreement with Banco Nacional de Costa Rica (BNCR) in 2021 to finance projects related to climate change, with a particular focus on electric mobility.

At the national level, strengthening the capacities of NDBs —as well as those of their clients— is essential to advance toward a green and just transition, as well as digital transformation. In these areas, greater cooperation with subnational development banks is equally essential.

Thus, in a changing international context characterized by fiscal constraints in most countries, it is crucial to promote the activities of NDBs within the development finance agenda.

This is why the Seville Commitment, resulting from the United Nations Fourth International Conference on Financing for Development (FfD4) held in Seville, Spain, in mid-2025, emphasizes the role that NDBs must play in national development strategies and sustainable financing. Compared with the United Nations Third International Conference on Financing for Development, held in Addis Ababa, Ethiopia, in mid-2015, this fourth conference reinforces the role of NDBs as key actors in the development finance agenda. Thus, the Seville Commitment, through the inclusion of NDBs, seeks to bring financing closer to the ground, better adapting to the national context, and calls for these banks to play a catalytic role — building trust, attracting private financing, and



fostering synergies with multilateral institutions.

2. WHAT ARE NATIONAL DEVELOPMENT BANKS DOING TO PROMOTE MSMEs IN LAC?

Development finance institutions (DFIs), both national and subnational —including NDBs as well as specialized financial institutions and funds at the national and local levels— play a central role in financing MSMEs. In a study we conducted in 2023, we identified 473 financial instruments in 38 national and subnational DFIs from 13 countries in Latin America and the Caribbean (LAC), of which 39% are directed exclusively toward MSMEs, and 42% support both MSMEs and large enterprises. The largest share corresponds to investment loans, which account for 45% of the instruments and enable MSMEs to modernize, innovate, or acquire machinery.

Guarantees are also important risk mitigation and security instruments

offered by NDBs to help SMEs access project financing, becoming key tools for financial inclusion. In LAC, the credit mobilized through guarantee funds increased from US\$3.6 million in 2004 to US\$66.9 million in 2021, contributing to a significant expansion in SME coverage. Coverage is highly heterogeneous: economies with higher GDP levels, such as Colombia, Mexico, and Brazil, account for 34%, 27%, and 18% of the SMEs covered, respectively, while in countries with lower GDP levels, they represent less than 1%.

SMEs in the LAC region mainly use loans and credit lines for climate-related financing, highlighting the need to expand guarantee schemes that help reduce risks and attract new investments.

In addition to risk mitigation instruments, DFIs also offer MSMEs more specialized instruments such as leasing, which allows SMEs to use machinery or productive capital goods through periodic payments without





In LAC, the credit mobilized through guarantee funds increased from US\$3.6 million in 2004 to US\$66.9 million in 2021, contributing to a significant expansion in SME coverage.

having to purchase them immediately—thus stimulating long-term investment with a lower initial burden—and factoring, which provides liquidity by advancing the collection of invoices from credit sales, helping maintain cash flow and short-term competitiveness.

3. WHAT ELSE CAN DEVELOPMENT BANKS DO TO CONTINUE SUPPORTING MSMEs, ESPECIALLY IN THE FACE OF THE CHALLENGES OF THE GREEN TRANSITION AND SUSTAINABLE DEVELOPMENT?

Although progress has been made, DFIs still face significant challenges in expanding and diversifying their support for MSMEs in the area of sustainability. Only 19% of financial instruments incorporate cross-cutting objectives such as sustainability, gender equality, or digitalization (9.7% with a green focus, 5.5% gender-related, and 3.8% in digital innovation), which limits their transformative potential.

Moreover, as indicated in the joint study by ALIDE and the European Investment Bank (EIB), in 2023, 40% of NDBs suffered damage to physical assets due to extreme events, and 59% reported negative impacts on their portfolios. However, 93% view the climate transition as a growth opportunity, and 77% are already aligned with the objectives of the Paris Agreement, although less than half consider themselves leaders in this field.

In this context, it is essential that NDBs:

- ▶ Scale up guarantee schemes, which are key to reducing risks and attracting private investment toward SME projects with climate and social impact.
- ▶ Strengthen technical assistance, both internally and for their clients, to build capacity in the design and management of green, gender, and digital projects.

- ▶ Expand innovative instruments (for example, climate guarantee funds, green leasing, or sustainable factoring lines) that facilitate SME participation in strategic sectors such as energy, transport, and sustainable manufacturing.
- ▶ Deepen their focus on niche sectors within broader sectoral categories. One example is green hydrogen, which is expanding in several LAC countries and requires financing both for the development of human capital and technologies, as well as for products that use it. Establishing closer contact with enterprises to understand their aspirations and installed capacities can help design instruments that are better tailored to their needs. This requires NDBs to expand their sector-specific technical knowledge and invest in capacity-building strategies. In this effort, ALIDE can play a crucial role as a platform for national and subnational banks to access sectoral information and share regional experiences, thereby improving the design of specialized financial services.

4. WHAT ARE THE UPCOMING PROJECTS OR LINES OF WORK FROM THE OECD DEVELOPMENT CENTRE RELATED TO NATIONAL DEVELOPMENT BANKS AND DEVELOPMENT FINANCING?

We have several ongoing projects aimed at promoting analysis and contributing to the implementation of policies that enhance the impact of NDBs and, more broadly, DFIs on the inclusive and sustainable development of the region. I would like to focus on three specific projects.

First, we are currently carrying out a project with ALIDE and the IDB aimed at supporting LAC authorities in improving

access to market-based financing for small and medium-sized enterprises. Its objective is to provide policy recommendations that strengthen market-based financing by identifying financing patterns, available options, and existing barriers—particularly for projects related to the green transition and digital transformation. The initiative combines quantitative and qualitative analysis, studying the behavior of both listed and unlisted companies. Surveys have already been conducted with companies, NDBs, and regulators in 10 countries across the region, gathering information on perceptions, obstacles, and regulatory frameworks, and covering different sizes, sectors, and ownership structures. The project is being carried out in cooperation with NDBs through ALIDE’s network and with key actors in financial markets, with the ultimate goal of improving access to financing for growing enterprises—fostering employment, productivity, and more inclusive and sustainable development in the region.

Additionally, another project that we will soon be launching in collaboration with the French Development Agency (AFD) aims to analyze how national DFIs collaborate with multilateral and bilateral development finance institutions to expand their impact. National DFIs are key actors in mobilizing resources and bridging public and private financing, but they face capital and capacity constraints. International cooperation can strengthen them through guarantees, technical assistance, and concessional financing. The project will identify concrete interactions among national, multilateral, and bilateral DFIs in around 30 to 35 emerging and developing economies, incorporating for the first time the direct perspective of national DFIs, since most previous

studies have focused on the multilateral perspective. In addition, the study will include bilateral DFIs from developed countries. The initiative seeks to improve coordination within the development finance ecosystem and strengthen the role of national DFIs as catalysts for sustainable investment.

Finally, as noted at the beginning of this interview, the Fourth International Conference on Financing for Development and its Seville Commitment have placed NDBs at the center of the development finance agenda. Based on the Seville Commitment, coalitions have been advanced through the Seville Platform for Action (SPA). There are more than 130 SPAs, which aim to build partnerships to implement specific activities under the Seville Commitment through an ambitious policy package. Under this framework, and thanks to the leadership of Italy and Kenya, we are supporting the SPA focused on an “Integrated Approach to Capacity-Building for Financing Sustainable Development.” This SPA includes a

component to support NDBs, aiming to strengthen their capacities and promote knowledge sharing. In particular, we will be facilitating international dialogue with key stakeholders, such as FICS and ALIDE, to promote a greater impact of NDBs in their lending operations to SMEs and other actors, with the aim of fostering the green and just transition as well as digital transformation.

In summary, our work agenda has been increasingly promoting the analysis of the role of DFIs, and particularly NDBs, as we are convinced that these institutions—when equipped with strong and sustainable capacities—can make a significant contribution to the development finance agenda. In a context of limited fiscal resources worldwide, we must think about doing more with fewer resources. Thus, as a key component in domestic resource mobilization—and through effective, coordinated operations among national and international, public and private actors—NDBs could increasingly play a central role in the region’s development.



BNDES FUST:

Digital Inclusion and Territorial Transformation in Brazil

BNDES FUST has established itself as an effective public policy instrument for achieving universal connectivity in Brazil. By integrating reimbursable and non-reimbursable financial instruments under a multi-stakeholder governance framework, the program has demonstrated that it is possible to mobilize public resources efficiently, transparently, and with a clear focus on tangible results.

Banco Nacional de Desenvolvimento Econômico e Social (BNDES) has taken on a strategic role in Brazil's connectivity policy through the management of the Fundo de Universalização dos Serviços de Telecomunicações (FUST). Since 2022, the institution has transformed a historically underutilized fund into a driver of digital transformation, designing reimbursable and non-reimbursable financial instruments that prioritize territorial equity, social inclusion, and technological innovation.

Thanks to BNDES FUST, the bank has already mobilized more than R\$3.15 billion (US\$509 million), approving R\$1.75 billion (US\$283 million) in credit operations and project support. Among its main achievements are the connection of 1,696 schools (benefiting more than 600,000 students), the expansion of fiber-optic networks in 90 locations, support for 35 telecommunications service providers (mostly micro, small, and medium-sized enterprises), and the development of emergency mechanisms for disaster situations.

FINANCIAL AND SOCIAL INNOVATION

This program stands out for its ability to innovate in the way public resources are channeled toward strategic sectors.



The program combines instruments that provide both reimbursable and non-reimbursable resources, allowing it to simultaneously serve large operators, small regional providers, and vulnerable

communities. This flexible design responds to the diverse realities across the Brazilian territory and represents a milestone in the management of connectivity policies in the region.

TABLE 1. Main products of the BNDES FUST program

Product	Description	Main beneficiaries	Strategic approach
FUST Equipamentos y FUST Comercialização	They facilitate access to state-of-the-art technological equipment, with simplified conditions and indirect support through accredited suppliers.	Micro and small telecommunications enterprises.	Modernization of operations and expansion of coverage.
FUST Crédito Conectividade	Agile, low-transaction-cost credit for service expansion.	MSMEs in the telecommunications sector.	Financial inclusion and promotion of competition.
FUST Direto Projetos	Large-scale financing for critical infrastructure (fiber optics, base stations, data centers).	Large operators and structuring projects.	Decentralization of digital infrastructure, with emphasis on the North and Northeast regions.
FUST Emergencial	Line created in 2024 for the reconstruction of networks damaged by disasters, such as the floods in Rio Grande do Sul.	Regional providers affected by emergencies.	Sector resilience and service continuity during crises.

Prepared in-house

Banco Nacional de Desenvolvimento Econômico e Social (BNDES) has taken on a strategic role in Brazil's connectivity policy and has already mobilized more than R\$3.15 billion (US\$509 million), approving R\$1.75 billion (US\$283 million) in credit operations and project support.





A central element of this innovation is the creation of a diversified portfolio of financial instruments that serves large operators, small regional providers, and vulnerable communities alike (Table 1).

The coordination of these instruments reflects a hybrid and inclusive model, in which credit is combined with selective subsidies and support for technological innovation. In this way, the program not only promotes the expansion of digital infrastructure but also strengthens social and territorial cohesion, consolidating BNDES as a key facilitator of innovative public policies in Latin America.

ACHIEVED IMPACTS

In just three years of operation, the BNDES FUST program has demonstrated concrete and measurable results, with impacts that go beyond the technological sphere and extend into the social, economic, and territorial life of the country.

- ▶ **Social impacts:** the connection of 1,696 public schools, reaching more than 612,000 students, has helped close the digital divide in the education system, particularly in rural areas and urban outskirts. Likewise, the expansion of mobile coverage in 680 vulnerable communities has enabled millions of citizens to access rights, services, and opportunities that today depend on connectivity.
- ▶ **Economic impacts:** with the installation of more than 8,000 km of fiber optic cable across 520 municipalities, the program has generated a multiplier effect on local economies, driving job creation and business dynamism. The strengthening of 35 regional service providers contributes to diversifying the supply, increasing competition, and fostering innovation in the telecommunications sector.
- ▶ **Territorial impacts:** by prioritizing rural regions, municipalities with low teledensity, and areas with limited economic appeal, the program promotes territorial equity and reduces long-standing disparities in access to digital services, fostering the inclusion of traditionally excluded communities.
- ▶ **Impacts on resilience:** with the implementation of the FUST Emergencial, the program has introduced a new approach to disaster response, ensuring the rapid restoration of networks and the continuity of essential services during critical moments. This approach strengthens not only the infrastructure but also the capacity of communities to adapt and respond to emergencies.

Taken together, these results show that BNDES FUST operates not only as a financing program but also as a

public policy mechanism that integrates components of digital inclusion, support for economic competitiveness, attention to territorial disparities, and the development of tools aimed at strengthening resilience to climate and social emergencies.

STRATEGIC PARTNERSHIPS

The program's effectiveness is grounded in collaborative governance. The FUST Management Council (CG-FUST) defines priorities and goals; the Agência Nacional de Telecomunicações (Anatel) provides technical data and regulatory oversight; the Ministries of Communications and Education align the program with national policies; and a network of financial agents and accredited suppliers expands access to credit. This public-private coordination has fostered legitimacy, transparency, and scale.

LESSONS LEARNED AND OUTLOOK

The experience gained in implementing the BNDES FUST program shows that the success of a public connectivity policy depends on several key factors:

- ▶ **Robust multi-stakeholder governance:** the coordination among the FUST Management Council (Fundo de Universalização dos Serviços de Telecomunicações), Anatel, the Ministério das Comunicações (MCOM), the Ministério da Educação (MEC), financial agents, and local providers has ensured the program's legitimacy, coherence, and adaptability, consolidating a collaborative and transparent management model.
- ▶ **Design of differentiated products:** the creation of specific instruments for different profiles—from large operators to micro, small, and medium-sized enterprises—made

it possible to expand the reach of resources, reduce transaction costs, and address diverse territorial realities.

- ▶ **Combination of credit and subsidies:** the integration of reimbursable and non-reimbursable instruments proved to be essential for maximizing impact, balancing financial sustainability with social inclusion.
- ▶ **Emergency response capacity:** the rapid structuring of the FUST Emergencial in 2024 validated the importance of having agile mechanisms in the face of disasters,

strengthening the resilience of telecommunications networks and ensuring the continuity of essential services.

This program will continue to be a strategic instrument for achieving universal connectivity in Brazil, particularly through the National Strategy for Connected Schools, which aims to ensure internet access in all public schools. Likewise, its hybrid, innovative, and scalable design positions BNDES as a regional benchmark, offering a replicable model for other Latin American and Caribbean countries interested in combining



Blended Finance and Financial Innovation to Boost Agri-SMEs and Family Farming in LAC

Various agricultural financing experiences highlight the need to combine financial incentives with technical assistance mechanisms and institutional coordination to overcome the barriers faced by agri-SMEs and family farming.

Rural financing is one of the main challenges for sustainability and inclusive development in Latin America and the Caribbean. This situation not only limits opportunities for economic growth but also directly affects food security, employment, and territorial development.

In this context, two recent dialogue venues have contributed experiences from programs and instruments for rural financing. First, the webinar “Encouraging loans to agricultural SMEs through blended finance”, organized by ALIDE, the SAFIN network, and the International Fund for Agricultural Development (IFAD), which explored international experiences such as Aceli in East Africa and its pilot experience in Mexico, as well as GAWA Capital funds from Spain, which operate in LAC. Second, the webinar “Financial innovation for rural development: keys for family farming in Peru, Paraguay, and Costa Rica”, organized by the Inter-American Institute for Cooperation on Agriculture (IICA), which presented national cases in which Development Banks and public programs have implemented credit instruments,



Rural financing is one of the main challenges for development in Latin America.



technical assistance, and organizational strengthening tailored to local contexts.

This article presents the main ideas regarding financing mechanisms for rural development, the main barriers to credit access, and the challenges to advancing financing in this sector.

FINANCING GAPS AND EMERGING MODELS FOR AGRI-SMES AND FAMILY FARMING

Rural financing is one of the main challenges for development in Latin America. The annual gap of more than US\$300 billion in the agri-food systems of developing countries limits the capacity of small and medium producers to invest in innovation, improve their climate resilience, and access dynamic markets (IICA, 2024). This situation constrains not only the competitiveness of the agricultural sector but also employment, food security, and social inclusion.

Despite their strategic role in supplying inputs and generating added value,

Figure 1. Challenges in Accessing Loans for Agri-SMEs



Source: Aceli, 2025.

agricultural SMEs face severe financial constraints. Private institutions perceive this segment as highly risky, resulting in high transaction costs, low expected returns, and limited availability of collateral (see Figure 1).

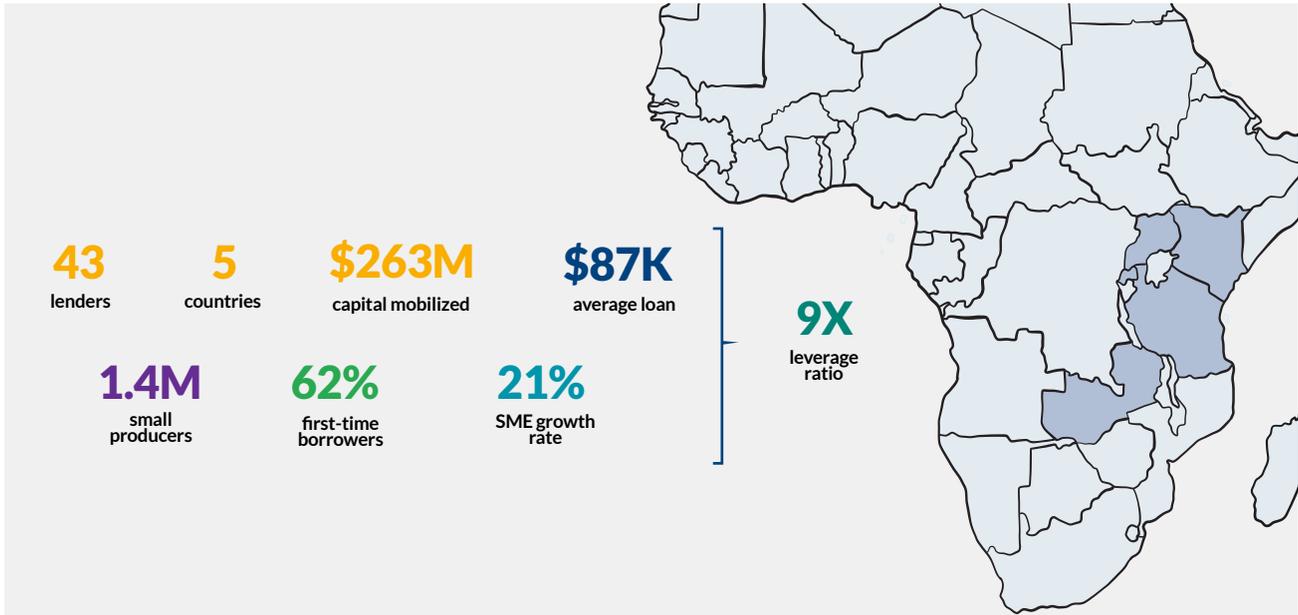
The rural credit problem also has a structural nature, evidenced by the low formalization of producers; dependence on informal financing schemes, limited financial literacy, and reluctance to adopt sustainable practices—all of which hinder financial inclusion. For

example, programs such as those of Crédito Agrícola de Habilitación (CAH) in Paraguay have sought to serve non-formalized producers, who represent 95% of its portfolio; however, the magnitude of the challenge requires broader and more coordinated solutions.

In response to this issue, various financial and non-financial instruments have been implemented to expand access to rural credit and reduce associated risks.



Figura 2. Aceli Milestones 2020-2024



Source: Aceli, 2025.

INTERNATIONAL EXPERIENCES AND BLENDED FINANCE MODELS

Blended finance models aim to mobilize private capital toward high-risk sectors by combining public and concessional resources. The Aceli Africa experience demonstrates how, through incentives to cover origination costs, first-loss guarantees, and impact bonuses, more than US\$260 million was mobilized,

benefiting over one million small producers in four years (Figure 2).

This model was adapted in Mexico through the COA program, which prioritizes coffee, cocoa, and livestock value chains in the country's southeast region. Through technical assistance and liquid guarantees, it mobilized US\$9 million and accredited 11 local financial institutions.

Complementarily, GAWA Capital manages the Huruma and Kualí funds, which combine public and private capital to support small producers and finance climate change adaptation initiatives. The Huruma Fund has already invested €120 million in 18 institutions across three continents, while Kualí aims to mobilize €300 million for climate-related projects (Figure 3).



Figura 3. GAWA Capital Investments



Source: GAWA Capital.

NATIONAL EXPERIENCES IN LATIN AMERICA

National programs, on the other hand, focus on local financial inclusion and proximity to producers; for example:

- ▶ **Avanzar Rural (Peru):** combines community revolving funds with technical assistance and business plans. It has benefited more than 20,000 producers, with a 40% increase in agricultural production and a 21% increase in livestock productivity.
- ▶ **CAH (Paraguay):** offers loans backed by savings certificates, guarantee funds, and accounts receivable discounting. Its close relationship with non-formalized producers has helped strengthen cooperatives and facilitate the export of fair-trade products.
- ▶ **Costa Rica-based Sistema de Banca para el Desarrollo (SBD):** a second-tier development institution that channels resources through cooperatives and financial

operators, allocating at least 40% of the funds to agriculture. It prioritizes innovation, sustainability, and adaptation.

COMPARATIVE LESSONS: BETWEEN GLOBAL BLENDED FINANCE AND LOCAL FINANCIAL INCLUSION

The comparative analysis of international and national experiences in agricultural financing makes it possible to identify both convergences and differences in the approaches adopted. While all cases agree on the need to overcome the structural barriers to credit access, the way this is achieved depends on the characteristics of the context and the stakeholders involved (Table 1).

Blended finance models, such as Aceli and GAWA Capital, focus on mobilizing private capital toward high-risk sectors by using financial incentives, first-loss guarantees, and catalytic funds to reduce perceived risk and increase returns. These schemes demonstrate

the importance of risk mitigation mechanisms in attracting international investors.

National programs, such as Avanzar Rural in Peru, CAH in Paraguay, and SBD in Costa Rica, emphasize the financial inclusion of small producers and rural organizations by adapting financial instruments to the realities of each territory. Unlike global models, these experiences are based on proximity to producers, inter-institutional coordination, and technical support, ensuring long-term sustainability.

The comparison indicates that international models tend to focus on mobilizing private capital, while national programs aim to address inclusion and formalization challenges in specific rural territories. However, both approaches are complementary: while the former provide scalability and the attraction of external resources, the latter ensure proximity and social sustainability.



TABLE 1. COMPARISON OF INTERNATIONAL AND NATIONAL EXPERIENCES IN RURAL FINANCING

Experience	Type of model	Main instruments	Beneficiaries	Key results	Lessons
Aceli (East Africa)	Blended finance	First-loss guarantees, origination incentives, impact bonuses, technical assistance	Agri-SMEs and small producers in 5 African countries	US\$260 million mobilized; over 1 million producers benefited	Incentives reduce transaction costs and perceived risk; replicable in Latin America
COA (Mexico)	<i>Adaptation of blended finance</i>	Origination incentives, technical assistance, liquid guarantees	Coffee, cocoa, and livestock producers in southeastern Mexico	US\$9 million in loans; 11 institutions accredited	Importance of adapting international models to the local context
GAWA Capital (Huruma and Kualu funds)	<i>Impact investment / blended finance</i>	Catalytic capital, grant-funded technical assistance, independent impact verification	Small producers in Latin America, Africa, and Asia	Huruma: €120 million in 18 institutions; Kualu: €300 million projected for climate change initiatives	Public capital catalyzes private investment and promotes sustainability
Avanzar Rural (Peru)	National financial inclusion	Revolving funds, technical assistance, business plans, natural resource management	Family farming in 6 regions of Peru	20,279 producers benefited; +40% agricultural production; +21% livestock productivity	Community self-management strengthens financial and social sustainability
CAH (Paraguay)	National financial inclusion	Loans backed by savings certificates (CDA), guarantee funds, and accounts receivable discounting	Non-formalized rural producers (95% of the portfolio)	Strengthened cooperatives; export of fair-trade organic sugar to 25 countries	Proximity and trust with non-formalized producers ensure inclusion
Costa Rica-based Sistema de Banca para el Desarrollo	National second-tier system	Seed capital, venture capital, guarantees, innovation loans, invoice discounting	Small producers, cooperatives, and rural organizations	40% of resources allocated to agriculture; cases of sustainable coffee and differentiated exports	Interinstitutional coordination enhances impact and sustainability

Author's calculations based on data provided by the Commercial Intelligence Department.



Transforming Communities Program of Banco Nacional de Costa Rica

Banco Nacional de Costa Rica is strongly driving local development through the Transforming Communities program, an initiative that combines financial and non-financial solutions to strengthen grassroots organizations, generate employment, and improve the quality of life in rural areas. With a comprehensive and sustainable approach, BNCR reaffirms its commitment to “Transform Dreams into Realities,” positioning itself as a key ally in building fairer, more resilient, and more prosperous communities.



In the current context, Costa Rica's socioeconomic development faces significant challenges that demand innovative and sustainable solutions. One of the most effective strategies to address them is to promote the strengthening of local economies.

This approach not only promotes job creation and poverty reduction but also contributes to social cohesion and community well-being. Within this framework, Banco Nacional de Costa Rica, committed to its purpose of “Transforming Dreams into Realities,” has developed the comprehensive

Transforming Communities program, which combines financial and non-financial solutions to support local economic growth.

The program was created with the objective of strengthening grassroots social associations, such as Integral Development Associations (ADI) and Rural Aqueduct Management Associations (Asadas). Through them, the bank can directly contribute to community development by fostering participation and collaborative work among BN, grassroots associations, and other key stakeholders such

as universities, municipalities, foundations, and non-governmental organizations.

This program seeks not only to boost the economic development of the communities where the bank operates, but also to strengthen the social fabric and promote long-term sustainability. To this end, the program encourages the creation of networks of productive enterprises around the core projects supported by the ADIs or Asadas. By working hand in hand with communities and their leaders, BN reaffirms its commitment to turning dreams into



realities and contributing meaningfully to the country's socioeconomic development.

Thesocio-productiveprojects promoted through the program directly benefit communities and, as they mature, foster the creation of new linkages or attract investors interested in leveraging their growth. This mechanism translates into greater development opportunities and improved quality of life for local residents.

HOW DOES THE PROGRAM WORK?

The Transforming Communities program is financed with non-reimbursable capital provided by BN to grassroots social associations (ADIs and Asadas). Internally, the bank establishes a committee responsible for evaluating and approving the allocation of seed capital funds. This committee assesses the feasibility of each community project for financing, taking into consideration the following:

- ▶ **Training or technical assistance:** Projects that require training will include the hiring of experts, specialists, advisors, or consultants to organize and guide the

community on how to start a business initiative, with the aim of promoting the development of a productive initiative that generates employment opportunities.

- ▶ **Purchase of machinery, equipment, and services:** The program supports projects that require the acquisition of machinery and equipment to boost their growth, provided that the need for such investment can be demonstrated to promote a change or improvement in the productive or business initiative, or to enhance existing business conditions.
- ▶ **Land purchase or infrastructure development** Support for infrastructure is intended for improvements (remodeling or construction) in the premises, buildings, or properties of community organizations. If the infrastructure is rented and the project requires its purchase, that action will also be considered under this category.

IMPACTS ON COMMUNITIES

The formalization of productive projects through ADIs or Asadas generates significant impacts in rural communities.

Among them, the following stand out:

- ▶ **Local job creation:** The projects generate new employment opportunities that reduce migration to urban areas, strengthen the economic stability of families, and decrease poverty. This promotes more equitable and sustainable development.
- ▶ **Support for community-based SMEs:** The program fosters the creation and growth of small and medium-sized enterprises that stimulate the local economy and, with the support of BN, gain access to additional financing and investment beyond the non-reimbursable capital.
- ▶ **Improved quality of life:** The profits generated by the projects are often reinvested in education, health, and other essential services, directly benefiting the community.
- ▶ **Training and gap reduction:** The program includes training in digitalization, management, technology, and marketing, strengthening entrepreneurs' capacities to manage sustainable projects.



HISTORICAL OVERVIEW OF THE PROGRAM

Year	Projects	Annual Investment (US\$)	Development Association	Asada	Population Benefited
2024	6	238 299,6	4	2	66 849
2023	6	476 599,2	4	2	40 343
2022	13	695 040,5	12	1	106 802
2021	10	581 848,2	6	4	55 912
2020	26	595 749,0	23	3	23 938
2019	19	496 457,5	10	6	47 955
2018	35	893 623,5	11	24	104 284
2017	12	496 457,5	11	1	92 592
2016	10	496 457,5	10	0	86 901
Total	137	4 970 532,5	91	43	625 576

RECENT YEARS' RESULTS

In recent years, the Transforming Communities program has shown significant progress in promoting local development. Between 2023 and 2024 alone, more than 107,000 people benefited directly, over 200 new jobs were created, and more than 450 productive linkages were promoted, strengthening local economies. In addition, various community enterprises were promoted which, together with the training provided, have helped close knowledge gaps and foster project sustainability. These results reflect the real and growing impact of the program on improving the quality of life in communities across the country.

LESSONS LEARNED

- ▶ It is essential to adopt a holistic approach to engaging with communities, combining financial and non-financial solutions. This comprehensive approach makes it possible to address the diverse needs of communities in an integrated manner, adapting to their realities while promoting sustainable and equitable development.

- ▶ When working on and analyzing projects proposed by communities to address their challenges, it is necessary to do so with a focus on strengthening the social fabric, as this is another crucial component for driving development. In this regard, supporting grassroots social organizations is often an ideal way to foster social cohesion and collaborative work aimed at achieving a common goal.
- ▶ Integrating sustainability factors into business management to strengthen the achievement of institutional objectives related to communities. This must be a priority in any development initiative, considering that the Transforming Communities program seeks to formalize community enterprises with the goal of turning productive projects into future community-based MSMEs.
- ▶ Local job creation is another key lesson learned in the effort to strengthen the communities where the bank operates. Promoting initiatives that generate new jobs helps reduce migration from rural to urban areas. This scenario has a positive impact on the economic and social stability of both areas: on one hand, local economies are strengthened through job opportunities and the attraction





of new investment; on the other, it helps reduce poverty levels in urban areas.

- ▶ The program's multisectoral collaboration is an essential condition for maximizing the impact of projects. Promoting cooperation among various stakeholders—such as universities, municipalities, foundations, and non-governmental organizations—enables the program to harness the resources and knowledge each stakeholder can contribute to enhance the projects' outcomes.
- ▶ Encouraging community participation in the design and implementation of projects is essential, as their perspective and understanding of local shortcomings ensure that the solutions provided through productive projects to channel non-reimbursable funds truly respond to the communities' needs and aspirations.
- ▶ Innovation in financial solutions is essential for developing products tailored to the specific realities and needs of each community. It is highly important to incorporate a mix of banking products that promote the creation of productive linkages emerging from the main project. In this regard, innovation

supports the design and creation of financial tools that facilitate access to resources and opportunities, driving local economic development.

- ▶ Impact measurement is crucial for evaluating the success of projects

and for adjusting strategies as needed. In this type of program, it is necessary to implement evaluation mechanisms that ensure positive results and allow learning from each experience to foster continuous improvement.



Eco-Efficiency Financial Product of Banco de Desarrollo Productivo, Bolivia

Banco de Desarrollo Productivo (BDP-S.A.M.) has set a milestone in sustainable finance with the launch of its Eco-Efficiency BDP financial product, the first of its kind in the country. This initiative reflects the institution's commitment to building a more sustainable and resilient economy, aligned with the Sustainable Development Goals (SDGs) and national climate targets.

The Bolivian productive sector faces significant sustainability challenges, including intensive energy consumption, inefficient water use, excessive waste generation, and high greenhouse gas (GHG) emissions. These conditions not only affect the competitiveness of businesses—limiting their ability to innovate and grow in increasingly demanding international markets—but also exacerbate the climate crisis, environmental degradation, and social vulnerability.

The need to address these gaps has driven the creation of innovative financial instruments that integrate sustainability, profitability, and social responsibility. Within this framework, Eco-Efficiency BDP emerges as a strategic mechanism that supports the transition toward cleaner, more efficient, and more resilient production models, while simultaneously fostering business competitiveness and the creation of sustainable employment.

The Eco-Efficiency BDP product is structured as a green loan with differentiated financial conditions according to enterprise size: annual interest rates of 10% for microenter-



Eco-Efficiency BDP is structured as a green loan with differentiated financial conditions according to enterprise size: annual interest rates of 10% for microenterprises, 6% for small enterprises, and 5% for medium and large enterprises.

prises, 6% for small enterprises, and 5% for medium and large enterprises. With terms of up to 10 years for investment capital and 3 years for working capital, it offers flexi-

lity and predictability to beneficiaries. It also allows financing of up to 100% of working capital and up to 90% of investment capital, significantly reducing barriers to credit access and promoting





the adoption of sustainable technologies.

The design of this product enables companies to implement projects that combine economic efficiency with environmental responsibility, contributing to the consolidation of a competitive and sustainable productive sector.

The product is aimed at financing investments in four key pillars that drive the sustainability of the productive sector. Through energy efficiency, it promotes optimal energy use, ensuring high-quality processes with lower consumption. In the area of renewable energy, it encourages the incorporation of sources such as solar, wind, and hydro power, reducing dependence on fossil fuels. Through cleaner production, it seeks to minimize waste generation and promote industrial practices that reduce environmental impact. Finally, through the circular economy, it supports business models based on

BDP has received support from CAF, KfW, UNDP, Swisscontact, and GIZ, strengthening technical assistance, training, and environmental impact assessment, and ensuring that the benefits extend throughout the entire productive chain.

reuse, recycling, and resource optimization, contributing to more responsible and sustainable productive growth.

The program also includes technical assistance and specialized training, strengthening enterprises' environmental management capacities, promoting technological innovation, and improving resource efficiency. In this way, it ensures that investments

not only have an immediate impact but also generate sustainable benefits in the medium and long term.

ACHIEVED IMPACTS

Between October 2022 and December 2024, the Eco-Efficiency BDP product granted 86 loans totaling Bs 143.9 million (approximately US\$20.8 million), generating significant environmental and productive impacts: the reduction of 18,293 tons of CO₂ equivalent, annual savings of 5,153 MWh of energy, the conservation of 719,070 m³ of water, and the recycling of 2,486 tons of waste per year. It has thus become a valuable instrument for promoting sustainability and competitiveness in Bolivia's productive sector.

These results position Eco-Efficiency BDP as a strategic instrument for climate change mitigation, while also strengthening the competitiveness of the beneficiary enterprises.

INNOVATION AND STRATEGIC PARTNERSHIPS

The success of Eco-Efficiency BDP is based on a comprehensive model that combines financing, innovation, and collaboration; for example:

- ▶ **Measurement and verification tools (MRV and Saras)**, which ensure tangible and transparent project results.
- ▶ **A database of eco-efficient technology providers** that facilitates access to machinery and sustainable solutions.
- ▶ **The issuance of Bolivia's first green bond (2023)**, certified by the Climate Bonds Initiative, which channeled Bs 102.9 million (US\$14.9 million) toward sustainable projects.

BDP has received support from CAF, KfW, UNDP, Swisscontact, and GIZ,

TABLE 1. Achieved Impacts of Eco-Efficiency BDP

Management	Disbursed amount (US\$)	GHG reduced (tCO ₂ eq/year)	Energy savings (MWh/year)	Water savings (m ³ /year)	Installed capacity (kW)	Less polluting inputs (t/year)	Recycled waste (t/year)
2022	505 341,9	560,2	2 773,3	-	-	-	-
2023	12 700 530,6	764,2	1 310,3	168 489,7	46,9	-	-
2024	7 572 188,6	16 969,5	1 070	550 580,9	20 031,5	10	2 486,7
Total	20 778 061,1	18 293,9	5 153,6	719 070,6	20 078,4	10	2 486,7

strengthening technical assistance, training, and environmental impact assessment, and ensuring that the benefits extend throughout the entire productive chain.

DIRECT AND INDIRECT BENEFITS

Eco-Efficiency BDP has generated significant impacts at various levels:

- ▶ Reduction of operating costs through water and energy savings.
- ▶ Access to green financing under favorable conditions for MSMEs.
- ▶ Training for over 4,000 agricultural and livestock producers and 1,325 entrepreneurs in energy efficiency and cleaner production.
- ▶ Contribution to the SDGs, particularly in clean energy (SDG 7), decent work and economic growth (SDG 8), industry and innovation (SDG 9), responsible production (SDG 12), and climate action (SDG 13).

LESSONS LEARNED AND FUTURE OUTLOOK

Experience demonstrates that green financing requires a comprehensive approach that combines credit, technical assistance, and access to sustainable technologies and markets. It also highlights the need to strengthen product outreach and to make eligibility criteria more flexible, expanding

coverage for micro and small enterprises.

Eco-Efficiency BDP has not only transformed access to financing in Bolivia but has also established itself as a regional benchmark. It has demonstrated that it is possible to combine environmental sustainability, business competitiveness, and financial inclusion, positioning BDP as a catalyst

for sustainable productive development and contributing to the transition toward a low-carbon, climate-resilient economy.

The program aims to continue expanding its reach by incorporating new technologies, strengthening business capacities, and generating tangible impacts that position Bolivia as a regional leader in green



Blue Financing in Action: Experiences of Development Banking in Latin America

The drive toward a sustainable blue economy has been consolidated as a priority in Latin America, where development banks and financial institutions have adopted innovative instruments to link marine conservation, productive development and job creation.

Blue economy, which promotes the sustainable use of the oceans, seas, coastal and water resources has been consolidated as a strategic axis for economic, social and environmental development in Latin America. Development banks in the region are conducting some financial initiatives aimed at mobilizing public and private capital toward projects that promote marine conservation, sustainable fisheries and aquaculture, and the climate and water resilience of communities. We can highlight three experiences for their scope and innovation: the BNDES Blue program, in Brazil; the FIRA Blue Bond, in Mexico, and the COFIDE Blue Bond, in Peru. Despite operating in different contexts, these initiatives share common objectives: integrating environmental sustainability with productive development, promoting the inclusion of micro, small and medium-sized enterprises (MSMEs) and strengthening governance and international cooperation.

BNDES BLUE: FINANCIAL INNOVATION FOR OCEAN ECONOMY AND MARINE CONSERVATION IN BRAZIL

In 2023, Banco Nacional de Desenvolvimento Econômico e Social (BNDES) received from the Federal Government of Brazil the mission of



The BNDES Blue program was conceived as a comprehensive instrument that integrates financing, innovation and conservation of the marine and coastal ecosystems of the extensive Brazilian maritime territory, known as the Blue Amazon.

designing and structuring strategic initiatives to boost the marine economy in the country. The bank's response was the creation of the BNDES Blue program, conceived as a comprehensive instrument that integrates financing, innovation and conservation of the marine and coastal ecosystems of the extensive Brazilian maritime territory, known as the Blue Amazon.

The Amazon region, rich in biodiversity and natural resources, is key to Brazil's economy and environmental security, and is home to a wide variety of coastal communities whose well-being depends directly on the health of marine ecosystems.

The program was officially launched in 2024, combining the previous experience of BNDES in socio-

environmental projects with innovative financial schemes, such as match funding and blended finance, mechanisms already proven in initiatives such as Saving Lives (2020) and Floresta Viva (2021). These models allow public and private capital to be mobilized, generating significant environmental, social and economic impact on a large scale. Thus, BNDES Blue not only seeks marine conservation, but also strengthening local productive capacities and promoting inclusive and sustainable development in coastal areas.

The central objective of BNDES Blue is to enable projects for the conservation, restoration and sustainable use of marine and coastal ecosystems in Brazil. Its specific objectives include, mainly: strengthening sustainable production chains linked to the blue economy, such as responsible aquaculture, ecological tourism and the coastal bioeconomy; promoting the training of skilled workers in sustainable marine activities; consolidating efficient management structures that facilitate attracting additional financing, and promoting innovative economic alternatives, including blue carbon credits and offshore renewable energy projects.

The program is aligned with the Sustainable Development Goals (SDGs), especially SDG 14 (Underwater life), SDG 13 (Climate action), SDG 8 (Decent work and economic growth) and SDG 17 (Alliances to achieve the goals), reflecting its comprehensive approach to sustainability.

Since its launch, BNDES Blue has carried out concrete actions that demonstrate its transformative potential. Among them is the Marine Spatial Planning (PEM), with a pilot project in the southern region of the country in the amount of US\$



1.32 million, while the plans for the southeast (US\$ 2.08 million) and northern (US\$ 2.51 million) regions are in the analysis and approval phases. These initiatives seek to implement an orderly and sustainable use of the coastal and marine area, fulfilling international commitments to manage the oceans until 2030. Moreover, *Chamada BNDES Corais (2023-2024)* allocated US\$ 8.49 million in non-reimbursable resources for coral reef conservation and restoration projects on the northeastern coast, prioritizing the inclusion of women leaders and the participation of local communities in socio-productive activities.

Innovation and governance are pillars of the program. BNDES Blue stands out by its multi-stakeholder approach, integrating economic development and marine conservation under a participatory management model.

It uses hybrid financial instruments that allow investments to be scaled and directly supports the PEM by coordinating productive and conservation uses. It also includes traditional coastal communities as active protagonists of the projects. Its national reach and potential for replication in other countries of the global south reinforce its pioneering and strategic nature.

The expected impact of the program is ample: the Brazilian coastline is

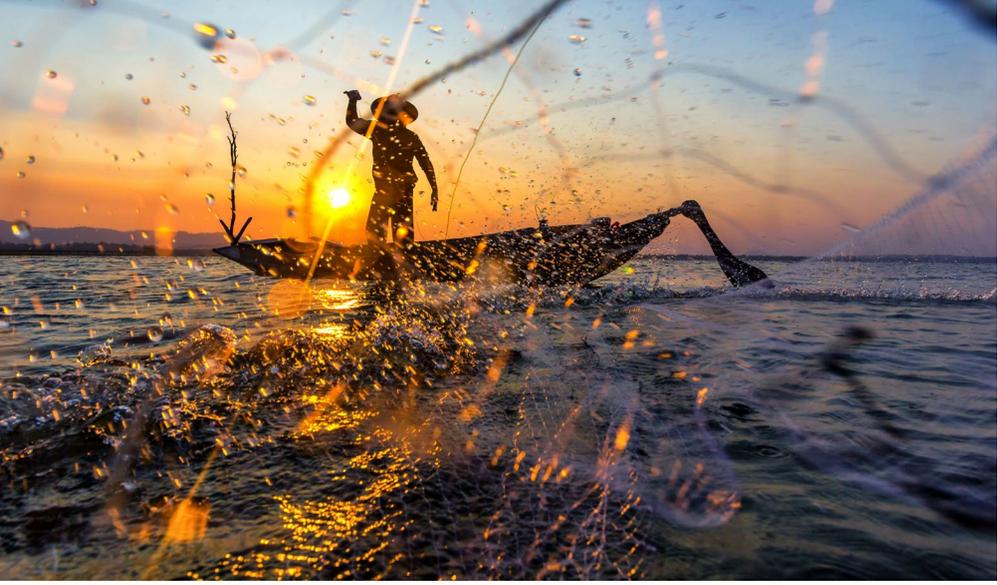
home to around 50 million people and more than one million workers linked to traditional coastal activities, while the marine economy represents about 20% of the national GDP. Up to US\$ 188.66 million is projected to be mobilized by 2030, generating green jobs, strengthening climate resilience and promoting social inclusion. Looking ahead, BNDES Blue seeks to consolidate itself as the bank's permanent policy, expand innovative financial mechanisms and deepen international cooperation.

FIRA AND THE BLUE BOND: SUSTAINABLE FINANCING FOR FISHERIES AND AQUACULTURE IN MEXICO

In December 2024, Fideicomisos Instituidos en Relación con la Agricultura (FIRA) - Banco de México marked a milestone by issuing the country's first Blue Bond, an innovative financial instrument designed to support sustainable projects in the fisheries and aquaculture sectors.

The FIRA Blue Bond, with a committed amount of US\$ 245.18 million and an application deadline of four to six years, aims to transform the way in which financing is channeled towards responsible productive activities for the marine environment. The initiative represents a strategic effort to align the growth of the sector with environmental





sustainability and financial inclusion, contributing to the conservation of marine ecosystems and the economic development of coastal and rural communities.

The fisheries and aquaculture sector in Mexico is of great economic and social relevance. In 2023, the country produced 2.1 million tons of fishery and aquaculture products, with an estimated value of approximately US\$ 2.72 billion.

The main species produced, which include sardines, anchovy, shrimp and tuna, account for approximately 69% of the total volume. However, this activity faces significant challenges: illegal fishing reaches more than 40% of the total catch, resulting in economic losses estimated at approximately US\$ 3.81 billion per year and affecting more than two million people who depend directly or indirectly on the fishing activity. Moreover, the pressure on marine ecosystems and the effects of climate change make it necessary to implement new financing and governance solutions that guarantee the sustainability of the sector. In this context, aquaculture is emerging as a strategic alternative, as it generates a lower carbon footprint than other sources of animal protein and contributes to reducing pressure on marine resources.

The **FIRA Blue Bond** is aimed at channeling resources toward projects that promote responsible and certified fishing and aquaculture practices, following recognized international standards such as MSC (Marine Stewardship Council), which endorses sustainable fishing and responsible management of marine resources; ASC (Aquaculture Stewardship Council), which ensures that aquaculture is carried out with environmental and social responsibility, and BAP (Best Aquaculture Practices), which establishes good practices throughout the aquaculture value chain, from farms and hatcheries to processing plants and feed factories. Its objectives include, mainly, the promotion of sustainable practices in both coastal and offshore fisheries, as well as in aquaculture; reducing overexploitation of species, pollution and biodiversity loss; improving the sector's climate resilience and expanding financial inclusion in fishing and rural communities.

The direct beneficiaries of the bond are, mainly, micro and small enterprises, fishing cooperatives and producer communities committed to sustainability, while indirect beneficiaries include consumers of responsible products, investors interested in sustainable finance and

value chains that depend on healthy aquatic resources.

Innovation and governance are key elements of the Blue Bond. It is the first issuance of this kind in Mexico and a pioneering model in Latin America, specifically focused on the fisheries and aquaculture sector. Moreover, the bond is aligned with Mexico's Sustainable Taxonomy and the Sustainable Development Goals (SDGs), particularly those related to underwater life, responsible production and climate action.

The implementation of the bond was conducted with the collaboration of international organizations: the Inter-American Development Bank (IDB) provided technical assistance and support in evaluation costs, the French Development Agency (AFD) contributed to the development of the taxonomy, the Global Green Growth Institute (GGGI) carried out sectoral diagnoses, and Sustainalytics validated the reference framework through an independent opinion.

The Blue Bond is expected to generate significant impacts in terms of sustainability and social development. Key projected outcomes include increased financing for projects certified as sustainable, reduced greenhouse gas emissions, job creation in coastal communities, and the inclusion of small producers who have traditionally been excluded from formal credit.

As of May of this year, FIRA already has a portfolio of sustainable projects of more than US\$ 43.4 million, benefiting approximately 400 producers, with the goal of reaching 600 beneficiaries in the first two years, and 800 at the end of the application period. The initiative has demonstrated that blue bonds are an effective vehicle to mobilize private capital without compromising

With a total amount of US\$29.5 million and a one-year term, the bond is intended to finance initiatives that promote the sustainable use of water resources and expand access to water and sanitation.

profitability, and connecting environmental sustainability with economic opportunities.

COFIDE AND THE BLUE BOND: SUSTAINABLE FINANCE FOR WATER SECURITY IN PERU

In 2024, Corporación Financiera de Desarrollo (COFIDE) became the first Peruvian issuer of a Blue Bond, consolidating a historic fact within the national, and also regional, financial market. This operation represents not only a firm commitment in mobilizing financial resources to expand access to drinking water and sanitation, but also an innovative strategy which shows that emerging markets can finance impact with financial discipline. By positioning Peru in the market for the adoption of bonds linked to the blue economy, COFIDE reinforces its role as a promoter of sustainable development and climate resilience in coastal communities, while offering at the same time new investment opportunities for private and public actors interested in environmentally responsible projects.

The **COFIDE Blue Bond** was developed in coordination with the Peruvian Federation of Municipal Savings and Credit Banks (FEPCMAC) and Water.org, and was listed on the Lima Stock Exchange (BVL). It was structured

under COFIDE's (2024) Thematic Bond Framework—developed with the assistance of the Global Green Growth Institute (GGGI)—which aligns with the Green and Social Bond Principles of the International Capital Market Association (ICMA); and it received a second-party opinion from S&P Global Ratings, strengthening its credibility and alignment with SDG 6 (Clean Water and Sanitation).

With a total amount of US\$ 29.5 million and a one-year term, the bond is intended to finance initiatives that promote the sustainable use of water resources and expand access to water and sanitation. This financial structure seeks to combine profitability with positive impacts on the environment and society, guaranteeing that the resources mobilized contribute to the improvement of the quality of life of the communities facing water insecurity.

Projects eligible under this bond focus on strategic sectors for the sustainable management of water resources and the expansion of access to drinking water and sanitation, prioritizing low-income households in rural and peri-urban areas. Operationally, the resources are channeled—through the Municipal Savings and Credit Banks—to finance household-level solutions such as elevated water tanks, cisterns, water filters, household connections to the public network, sanitation facilities, improvements to hygienic services, latrines, and dry toilets, among other basic sanitation interventions that enhance quality of life and public health. These efforts reduce families' exposure to scarcity and health risks—actions that are aligned with climate change adaptation.

As it is the first bond of this kind in Peru, it establishes a benchmark for other national financial institutions to

explore similar mechanisms. Moreover, this instrument is aligned with the sustainability objectives set by the Peruvian Government and reflected in the reference framework issued by the Ministry of Economy and Finance (MEF) in 2021, and it establishes a governance model with monitoring and reports on the allocation of resources and the impacts generated. This alignment not only reinforces the bond's credibility but also ensures that the funds contribute to the country's national sustainable development goals.

The expected impacts of the Blue Bond are multiple and far-reaching. It is expected to generate direct improvements in well-being and resilience by financing household water and sanitation solutions that enhance basic living conditions, reduce health risks, and lower the time and costs associated with water collection or storage, with a particular focus on vulnerable rural and peri-urban areas. At the same time, it fosters financial inclusion by lowering funding costs so that the Municipal Savings and Credit Banks can offer better credit conditions to higher-risk households, while local capacity is strengthened through thousands of trained advisors who improve the relevance and adoption of the product. All of this takes place under performance monitoring and reporting mechanisms that ensure transparency and traceability from resource allocation to outcomes, reinforcing accountability and consolidating benefits in health, time savings, and household water security. The operation also consolidates the trust of international investors in Peru's sustainable bond market, expanding financing opportunities for high-impact green and blue projects.



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Digitalization, AI, and their Impact on MSME Financial Inclusion



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