



REPORT

ALIDE PRIZES IN RECOGNITION OF THE BEST PRACTICES IN DEVELOPMENT FINANCING INSTITUTIONS – 2019

1. The ALIDE prizes were instituted in 2008 to identify and honor the best practices and innovations in products and services in Latin American and Caribbean development banks and to give recognition for the work done by those institutions to further the economic and social development of the region's countries. Thus far, 11 editions of the competition have been held.
2. The categories in which the institutions compete are related to the activity and management of the development finance institutions (DFIs), as follows: (a) Financial Products, (b) Management and Technological Modernization; (c) Information, Technical Assistance and Social Responsibility; and (d) the Special ALIDE Green Category. In 2018, the Category of Extraregional Banks was added.
3. The requirements for DFI competition entries are: (a) they must be in line with the bank's social mandate; (b) be innovative; (c) have quantifiable benefits; (d) have clearly identified beneficiaries; (e) be able to be documented and, preferably, used as a reference for replication in other DFIs. In rating the entries, the jury took account of the following rating guide: (a) Relevance (15 %); (b) Target Impact (25 %); (c) Results/Record (25 %); (d) Innovation (20 %); and (e) Sustainability (15%).
4. The 12th edition of the competition was opened on January 8, 2019 and the deadline for entries was set at April 18. These were evaluated by an independent jury from April 22 to May 1. The winning institutions will be honored at the Meeting on Institutional Matters during the 49th Regular Meeting of the ALIDE General Assembly on May 21, 2019 in Madrid, Spain.
5. Serving on the jury were Messrs. William Hayden, of Costa Rica, former General Manager of the National Bank of Costa Rica (BNCR) from 1997 to 2009 and former ALIDE President in 2003-2004; Cesar Rodríguez Batlle, former President of ALIDE (1998), former President of the Bank of the Oriental Republic of Uruguay (BROU) and former President of the Central Bank of Uruguay; and Roberto Hempel, a Chilean citizen, former Manager for Financial Intermediation of the Corporación de Fomento de la Producción (Corfo).
6. A total of 21 projects were entered in the contest by 13 institutions: Banco de Inversión y Comercio Exterior S.A. (BICE) and Garantizar SGR, of Argentina; Banco de Desarrollo Productivo – SAM (BDP), of Bolivia; Banco do Nordeste do Brasil S.A (BNB); Banco Nacional de Costa Rica (BNCR); Corporación para el Desarrollo de Curaçao (Korpodeko); Corporación Financiera Nacional (CFN) B.P. and Banecuador B.P, of Ecuador; Banco Nacional de Obras y Servicios Públicos, S.N.C. (Banobras), Fideicomisos Instituidos en Relación con la Agricultura (FIRA) – Banco de México and Banco Nacional de Comercio Exterior, S.N.C. (Bancomext), all Mexican; Fondo MIVIVIENDA S.A., of Peru; and Export-Import Bank of India (EXIM BANK).
7. According to the ratings of the three-member examining jury, the following best practices were declared the winners: 1) In category I Financial Products, the **Programa de Financiamiento a la Mediana Empresa Agroalimentaria y Rural (PROEM)** (The Medium Agricultural Food and Rural Enterprise Financing Program PROEM), of Fideicomisos Instituidos en Relación con la Agricultura (FIRA)–Banco de México and the **Programa Certificación Prime**, (Prime Certification Program) of Banco Nacional de Comercio Exterior, S.N.C. (Bancomext), of Mexico. In Category II Management and Technological Modernization, **Sistema de Registro de Garantías no Convencionales (SRGNC)** (Non-Conventional Guarantees Registration System), of Banco de Desarrollo Productivo – SAM (BDP), of Bolivia and the **Garantizar Digital** (Digital Garantizar) Platform, of Garantizar SGR, of Argentina. In Category III Information, Technical Assistance and Social Responsibility, the **Plataforma Proyectos México** (Mexico Projects

Platform) of Banco Nacional de Obras y Servicios Públicos, S.N.C. (Banobras), of Mexico. In the Green ALIDE Category **Bono Sostenible - BICE** (BICE Sustainable Bond), of Banco de Inversión y Comercio Exterior S.A. (BICE), of Argentina and **Bono Mivivienda Verde** (Mivivienda Green Bond), of the Fondo Mivivienda S.A., Peru. And lastly, in the Category of Extraregional Banks, **Sustainable Financing Programs** of the Export-Import Bank of India (Exim Bank).

ALIDE PRIZES IN RECOGNITION OF THE BEST PRACTICES IN DEVELOPMENT FINANCE INSTITUTIONS

SUMMARY OF THE WINNING PROPOSALS – 2019

Category I: Financial Products

**INSTITUTION: FIDEICOMISOS INSTITUIDOS EN RELACIÓN CON LA AGRICULTURA (FIRA) – BANCO DE MÉXICO
PROGRAMA DE FINANCIAMIENTO A LA MEDIANA EMPRESA AGROALIMENTARIA Y RURAL (PROEM) (The Medium Agricultural Food and Rural Enterprise Financing Program – PROEM)**

The purpose of this program is to promote and enhance the enterprises' access to credit by means of a risk management mechanism to facilitate and increase the participation of financial intermediaries in granting loans. The program provides guarantees through a fund created with resources supplied by FIRA and other contributing public institutions. Drawing on fund resources, reserves are created equivalent to 12% of each loan granted by the financial intermediary to the enterprises. Each of those individual reserves is added up to establish a portfolio reserve covering all of the operations equally, in such a way that in the event of noncompliance of the loan terms, the portfolio reserve will cover 100% of its borrowers' first-losses, up to a maximum of 12% of the guaranteed portfolio.

PROEM grants individual local currency loans of between US\$ 25,395 and US\$ 627,360 for the capitalization and modernization of agricultural food, forestry, fishery and rural enterprises involved in supplying inputs, production, collection, processing, services and marketing of the products through financings for working capital, fixed investments and financial leasing.

As a result of the PROEM, at March 31, 2019, 1,554 short- and long-term loans had been advanced, for which a total of US\$ 242. 7 million had been raised, to benefit 535 enterprises; average loans of US\$ 145 thousand in 30 of the country's 32 federative divisions; an extremely low percentage of claims: 0.6% of the total loan portfolio operated; the potential use of public resources had been strongly tapped, inasmuch as the mechanism makes it possible to raise at least 17 pesos in loans for each peso contributed to the fund; and 20 financial intermediaries have been allowed to create operating models to formalize financing options for medium enterprises.

**BANCO NACIONAL DE COMERCIO EXTERIOR, S.N.C. (BANCOMEXT), MÉXICO
CERTIFICACIÓN PRIME (PRIME CERTIFICATION)**

Stock market capitalization in Mexico represents 35% of GDP. In 2015, with a listing of 143 companies, only 6 initial public offerings were launched. Today, 45% of the market's capitalization is concentrated among the 7 largest companies and Mexico's stock exchange has remained relatively stable over the past 10 years.

In 2017, Banco Nacional de Comercio Exterior, S. N. C. (Bancomext), the Mexican Stock Exchange and the Mexican Association of Brokerage Firms launched the Institutionalization and Corporate Governance Program for Issuance in the Mexican Stock Exchange, in order to facilitate the access of Mexican export firms (medium and large) to the stock exchange with the issuance and placement of their own securities. This would provide them with a complimentary and cheaper source of funds than bank financings. The intention with this certification is to support companies in their institutionalization process by means of corporate governance, short-term debt refinancing, provision of additional resources for expansion projects, training in the IPO/debt issuance process, guarantee of debt or capital issues for customers, and access to the Bank's Stock Exchange Guarantee Program.

Since the program's inception, 20 enterprises have been served, two of which have been certified and are ready for listing on the stock exchange and to launch issues. A total of US\$175 million have been authorized.

**Category II: Management and
Technological Modernization**

**BANCO DE DESARROLLO PRODUCTIVO – SAM (BDP), BOLIVIA
REGISTRO DE GARANTIAS NO CONVENCIONALES (SRGNC)
(Non-Conventional Guarantees Registry) (SRGNC)**

Guarantee systems that operate independently (firms and trusts) or within development banks, aim to minimize the risk of claims and for that reason, accept real goods as counter-guarantees in almost all cases and cash in some.

In the case of micro and small entrepreneurs who have no goods with which to guarantee loan operations, their work tools, machinery and furnishings are not considered as collateral.

The fact that the system developed by BDP-SAM considers those goods acceptable and also keeps registers of those goods opens the possibility for those segments to obtain greater access to credit by enabling financial intermediaries to use the BDP registers and thereby increase their loan portfolios.

The SRGNC offers services for the registry, appraisal, rectification, modification and cancellation of non-conventional guarantees incorporated in the system. These are carried out by means of standard electronic forms that can be processed in minutes via a VPN (electronic) connection with the system's financial institutions. Consultations are carried out online, inasmuch as the system has a single data base for the entire country that is updated continuously, and not one that is differentiated by district or by department.

Over the 2015-2018 period, 7,211 guarantees were registered totaling some US\$ 29.5 million, 86% of which was aside from the capital, contributing to the decentralization of credit. A sum of US\$ 12.5 million was guaranteed.

**GARANTIZAR SGR, ARGENTINA
GARANTIZAR DIGITAL
(DIGITAL GARANTIZAR)**

As part of the ongoing improvement of its processes, including their technological transformation and sustainable processes as one of the pillars of its management, Garantizar has developed a new 100% self-managed and online unit for use exclusively by microenterprises, which it calls "Garantizar Digital." This launching made it possible for Garantizar to assist very small, family, single-person companies that it had been unable to serve previously because of the high transaction costs involved. Concentrating its efforts on a public with little access to the financial system, Garantizar Digital has constituted its first experience in financing, thereby promoting financial inclusion.

For years, traditional management of physical files was the only method in use. The implementation of Garantizar Digital completely changed the way of operating and was able to make the most of the management time involved, automate repetitive processes through the use of robots, and cover the entire country without creating excessively high operating costs.

The results have been diverse: 1) Paperless management was instituted, thereby avoiding the consumption of almost 5 tons a year; 2) An operating platform was obtained covering the entire country at an average cost for implementation and low cost maintenance, thus optimizing the cost per operation value; 3) Saving of time. Traditional management of a physical file takes more than 30 days from the time the request is received; the response time has been reduced to 10 minutes and the monetization to only 2 days, meaning that the process is 94% more rapid; 4) It has made it possible to avoid the use of over 1,140,000 sheets of paper; 5) by the second month of operations, the program was underway and operating in the country's 23 provinces; and 6) operator efficiency: the average number of operations formalized per executive using traditional management rose from 2.65 per month to 35 with the new system.

Category III Information, Technical Assistance and Social Responsibility

BANCONACIONAL DE OBRAS Y SERVICIOS PÚBLICOS, S.N.C. (BANOBRAS), MEXICO PLATAFORMA PROYECTOS MÉXICO (MEXICO PROJECTS PLATFORM)

In March 2017, Banobras developed a modern technological tool (www.proyectosmexico.gob.mx) for grouping together all of the infrastructure and energy projects with all of their characteristics, so that potential investors will be able to view the opportunities for investment in the main projects at their different stages (preinvestment, bidding, execution and operation). The platform also includes information about the factors that make Mexico attractive for investment; the way the ecosystem operates and the investment cycles in the sectors most heavily involved in infrastructure and energy development in the country, and pertinent documentation concerning the PPP models, legislation, model contracts and specialized events in question. This makes it possible to give investors full information to facilitate their evaluations and decision making about investing in Mexico's infrastructure sector.

To date, the platform covers 760 projects, 567 underway and 111 investment vehicles.

It brings together in a single information center all of the projects that in other countries are scattered among the different institutions that promote them, thus hindering access to comparative data. It has also carried out 560 promotional activities in Mexico and abroad (14 international showcase tours to 36 cities in 21 of world's countries; 32 promotional seminars; 39 specialized forums; over 260 meetings abroad with developers, private capital funds, banks and consultants) and has been able to coordinate with 45 information sources, giving users greater value in terms of information quality, quantity and timeliness.

The platform has received over 570 thousand visits, topping the 400 thousand users and has been consulted 1.3 million times. In March 2019, it received more than 1,800 visits a day by over 1,400 users. Since its launching, more than 73 thousand (13%) sessions took place outside Mexico, with those of the United States, Spain, Colombia, Chile and the United Kingdom prevailing; over 9,500 users visited the site five times or more and a little over 1,000 did so on 20 or more occasions. The Platform was consulted from over 145 countries all told.

Category IV: GREEN ALIDE

BANCO DE INVERSIÓN Y COMERCIO EXTERIOR S.A. (BICE), ARGENTINA BONO SOSTENIBLE (SUSTAINABLE BOND) – BICE

In order to finance projects compatible with a low-carbon economy resilient to climate change, the BICE identified several social projects that meet the requirements for issuing green bonds. As a result, in December 2018, it issued South America's *first sustainable bond* (green + social), with the intention of bringing about financial inclusion and productive, economic and social development for the attainment of the Sustainable Development Goals (SDGs). This US\$ 30 million issue was fully underwritten by BID Invest and has a five-year term.

The net income produced by the *BICE Sustainable Bond* was allocated to finance and/or refinance new and/or existing eligible green and/or social projects. These categories correspond to loans granted by the BICE that had been disbursed over the 24 months prior to the bonds' issuance; or to be disbursed up to 24 months after that issuance.

The proceeds are used for loans to undertakings led by women, with a shareholdership of over 50% and/or in which 25% of the shareholders are women and a woman occupies a leadership position; loans to support the development of provinces in Northern Argentina; and negotiable securities issued by SMEs with a term or more than one year and in which the BICE operates as an anchor investor; and loans to SMEs with an impact on job creation. They finance wind, photovoltaic solar, thermosolar, biomass, biogas and small hydraulic energy projects and energy efficiency. The application to production projects of the US\$ 30 million collected through the *BICE Sustainable Bond* raises over US\$ 40 million in private investment; creates about 90 jobs per million dollars invested. The avoidance of 11,497.5 tons of CO₂ per year is expected. Over 200 enterprises (all SMEs) distributed throughout Argentina are the beneficiaries of this fund, 71% in the country's interior; the beneficiary enterprises operate in a variety of sectors; and 75% of the funds have been disbursed, with the total amount expected to be allocated in the course of 2019.

FONDO MIVIVIENDA S.A., PERÚ
BONO MIVIVIENDA VERDE
(MIVIVIENDA GREEN BOND)

Peru is among the world's 10 countries most vulnerable to climate change. As a result of this, it has been estimated that in thirty years' time it will have only 60% of the drinking water available to it today. In this context, strategies are urgently needed to remedy the effects of climate change, with priority on the areas in which the largest percentages of the country's population are concentrated –in other words, the urban areas. For that reason, Fondo Mivivienda S.A. (FMV) is seeking, through the vehicle of the MIVIVIENDA Green Bond Program, to implement sustainable strategies for the construction of low-cost social housing whose acquisition is financed through programs and products administered by the FMV, with a view towards helping to mitigate the effects of climate change by prioritizing the construction of social housing under criteria of water efficiency, energy efficiency, construction waste management, training in the implementation of bioclimate strategies for the design of social housing and the good use by the buyers of such efficiency equipped low-cost housing.

The program promotes the "Bono MIVIVIENDA Sostenible" (MIVIVIENDA Sustainable Bond) Certification with the support of the French Development Agency (AFD) and the KfW Development Bank (Kreditanstalt für Wiederaufbau), in order to create a new standard of construction for low-cost social housing in Peruvian cities by allowing for savings in the consumption of water and energy resources by lower-income families and making it possible for real estate developers to reach national certification with the recognition of a European agency that under regular market conditions would be impossible because of its high cost and implementation.

The EUR 120 million received have been disbursed in the form of 3,132 mortgage loans, of which EUR 40 million went to the Mivivienda Green Bond Program; at April 2019, more than 160 projects were certified with an offering of over 40,000 housing units with sustainability features.

Category V: EXTRAREGIONAL BANKS

**EXPORT-IMPORT BANK OF INDIA (EXIM BANK)
SUSTAINABLE FINANCING PROGRAMS**

Aside from its primary objective of promoting India's exports and imports, Exim bank includes among its financing strategy and policies elements for linking up with the "Sustainable Energy for All" program, a United Nations initiative. It considers that renewable energy sources are crucially important because they contribute substantially to environmental and climate protection. The Bank, accordingly, facilitates financing for clean energy and sustainable projects. This can be seen from the proposals that the Bank has considered over the years since its wind energy financing program was created, with plant projects in India and abroad, in and out-of-network solar energy projects in India, and the construction of hydroelectric projects, among many others.

What is most important, the Bank has been innovative in their financing by offering long-term competitive and concessional costs. A key objective for Exim Bank India is, among others, to provide financing in order to allow for the transition to a low-carbon economy. In order to do so for the implementation of climate and environmental projects, Exim Bank India is also playing a leading role in the configuration of the rapidly developing green bonds market. The Bank is working together with governments, investors and other finance institutions to improve transparency and create appropriate conditions for supporting long-term investment in environmentally sustainable projects.

Press Liaison officer

Hanguk Yun

ALIDE Social Communications Officer

Telephone no.: +511-203-5520 | Extension: 226

comunicaciones@alide.org

www.alide.org