



Impact Investment for Social Inclusion

It is estimated that around 201 million people, representing 32.1% of the total population, live in poverty in LAC, with 82 million (13.1%) people living in extreme poverty, lacking basic services. This is compounded by a 22-year setback in unemployment, especially affecting women, whose unemployment rate increased from 9.5% in 2019 to 11.6% in 2023, exacerbated by slowing or low economic growth.

In this context, social or impact investment takes on greater relevance as a powerful source of growth and innovation to address these challenges. In addition to providing significant returns, these investments have multiplier effects by improving people's well-being, promoting social cohesion, reducing social tensions, creating a favorable environment for business and empowering the most vulnerable sectors. They are essential as resource mobilizers to finance social SDGs, such as housing, health, education, water, sanitation, ending poverty, gender equality and reducing inequalities. Public policies and institutions such as development banks

have a fundamental role as catalysts to strengthen an efficient market and ecosystem for social impact investment in the region, integrating it into their activities and projects.

National and regional development banks, given their mission, are orienting their efforts towards reversing the shortages suffered by a significant percentage of our population by making impact investments. Accordingly, the Fondo para el Financiamiento del Sector Agropecuario (FINAGRO) focuses on democratizing access to credit to enable more farmers to gain access to agricultural property



and promote the decarbonization of agriculture. Regarding social inclusion in Colombia, a wide range of aspects are addressed, such as age, geographic location, occupation, ethnic origin, religion, socioeconomic status, disabilities and gender identity, among others, which are recognized as invisible barriers that hinder more inclusive development.

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to resources and opportunities for people and companies. To achieve this objective, it focuses its strategies on sustainability and integrates ESG criteria in all its operations and internal management. Its main lines of action include: 1) Ecosystem and market development: through the financial system, it reaches all companies, invests in capital markets and investment funds; 2) Focus on final beneficiaries: it improves conditions for MSMEs, finances infrastructure and productive investment, participates in public-private partnership (PPP) projects and investment programs; and 3) Promoting/articulating role: it executes State programs, manages trusts, establishes relationships with various stakeholders and maintains close collaboration with the public and private sectors.



Banco do Nordeste do Brasil (BNB) highlighted its two most emblematic programs for financial and social inclusion: Crediamigo, aimed at the urban sector, and Agroamigo, for the rural sector. Crediamigo had 1.98 million active customers and placements in 2023 totaling US\$1.98 billion (R\$10.64 trillion). This program has a remarkable participation of 68.3% women, with a significant number of single mothers, which highlights its importance in the empowerment of women. On the other hand, Agroamigo had 1.37 million active customers and placements in 2023 totaling US\$1.06 trillion (R\$5.7 trillion). To amplify the social impacts of these programs, specific sub-programs have been implemented:

- 1) Agroamigo SOL: Aimed at solar energy investments in rural areas for family farmers.
- 2) Agroamigo Agua: Finances projects for water security in the semi-arid region of Brazil, including the multiplication of water sources, guaranteeing their use in productive activities and infrastructure construction, and
- 3) Agroamigo NET: Finances the acquisition of connectivity kits to contribute to digital inclusion, distance learning, and access to new markets.

CAF - Development Bank of Latin America and the Caribbean is implementing a strategy to become the leading bank in sustainability, inclusion and green development in the region. This initiative involves the development of components focused on biodiversity, good corporate governance, knowledge generation, and impact and results orientation. In this regard, CAF directs its lending and investment operations towards key sectors of the economy with social impact, such as water, education, health, social protection, energy and transportation, which together account for 53.3% of its portfolio. Through financing to the private sector, the institution serves the vulnerable population in collaboration with financial allies such as development banks, which play a key role in the implementation of



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public policies, economic and social practices, and financial support. The approach through these institutions seeks to promote private sector participation in economic activity, provide support to micro, small and medium-sized enterprises, increase productivity and develop efficient infrastructure and public services, promote green and sustainable portfolios, strengthen the financial sector and capital markets, and promote financial and social inclusion.