

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

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

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

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

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

Moreover, DFC is overhauling its core



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

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

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

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

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

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



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

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

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

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

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





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

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

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

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

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

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

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

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

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

bypass these financial institutions and go straight to market.

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

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

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

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

Additionally, DFC offers education loans and special education loans to

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

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

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

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

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

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





INTERNATIONAL FUNDING FROM VARIOUS SOURCES TO ENHANCE ITS IMPACT?

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

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

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

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

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

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

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

