



Source: Bagrícola

# Interview With Fernando Durán

## General Administrator, Banco Agrícola de la República Dominicana (BAGRÍCOLA)

**1. In an environment of growing economic, climate-related and social challenges, what are, in your perception, the main problems of financing development in the Dominican Republic?**

The biggest challenge facing agricultural financing in the Dominican Republic is agriculture's high exposure to climate risk due to the country's high vulnerability to increasingly frequent and intense extreme weather events resulting from climate change and global warming, which disincentivizes multiple private equity banks from assuming a greater role in financing the sector.

**2. In this sense, how is Bagrícola contributing to the financing of the economic development of the Dominican Republic within the scope of its competence?**

The agricultural-livestock sector is a key sector of the country's economic and social development due to its contribution to food security, which depends on more than 80% of local production, also the contribution of around 15 % of jobs, as well as raw material for agribusiness and foreign currency. Bagrícola plays a fundamental role, as it contributes with more than 60 % of the formal credit that flows to the country's agricultural system.



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**3. Financial inclusion is crucial for social inclusion, especially in rural areas where smallholder farmers have few alternatives to access formal credit. What initiatives is Bagrícola promoting to improve financial inclusion in these sectors?**

Yes, this is a very important issue, as small family farming, whose assets lack title holdership, still prevails in the country, which requires the bank to maintain a policy of access to credit of up to US\$15,000 only with security interest. This policy involves high risk and we are working on the implementation of an assisted credit program that minimizes risks and reduces defaults.

**4. Food security is a national and global priority, and the agricultural sector plays an essential role in ensuring food supply and quality. What actions is Bagrícola implementing to support food security in the Dominican Republic? Could you share any innovative project that stands out in this effort?**

The current government headed by President Luis Abinader has increased the Bagrícola portfolio by 80 %, which has resulted in greater support for the production

and availability of food whose impact, together with other public programs, has allowed, according to the Food and Agriculture Organization of the United Nations (FAO), to reduce the country's undernourished population from 8.3 % in 2021 to 4.6 % in 2024.

An innovative project has been the creation of a US\$125 million fund to be lent to agricultural-livestock producers without interest (zero rate). This fund was a very valuable response for the recovery of agriculture after the impact of the COVID-19 pandemic on the sector. This program has benefited more than 15,000 producers, including youngsters who want to undertake agricultural-livestock projects.

**5. Sustainability in the agricultural sector has become imperative in the face of the effects of climate change and the need to protect natural resources. What do you consider to be the role of Development Banking in promoting sustainable agricultural practices and adapting to climate change?**

In countries such as the Dominican Republic, where agriculture is highly impacted by climate change, the Development Banking can greatly contribute to the channeling of resources directed at transforming agriculture towards a more sustainable and environmentally friendly one. I feel that agriculture must be given greater prominence in access to the funds that are currently channeled for the mitigation of the impact of climate events, and greater efforts must be dedicated to capacity building in institutions related to Development Banking in order to ensure greater access to global funds dedicated to mitigating climate impact and building resilience.

**6. Small-scale agriculture is key to rural development and job creation. However, it faces challenges such as low productivity and limited access to markets and technologies. How have you been supporting them to overcome these limitations and insert it into the value chains?**

Of course, low productivity as a result of scarce access to more efficient technological packages, as well as the cost of key supplies, such as improved seeds, pest management, as well as price uncertainty, among others, are critical factors that we have most outstanding on our agenda. We work hand in hand with the agricultural extension system of the Ministry of Agriculture. We are trying to incorporate the concept of assisted credit accompanied by technical

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assistance in order to promote associativity and contract agriculture with distributors and users of the goods produced by small-scale producers.

**7. Regional cooperation is a fundamental pillar to foster joint solutions to shared challenges in agricultural development. What specific areas of cooperation do you consider to be priorities to promote among banks oriented toward the agricultural sector?**

We would like to exchange regional experiences on guarantee funds for the sector, sources of funding for Development Banking, agricultural insurance, trusts funds in agriculture, access to climate-related funds, long-term financial instruments to develop rural infrastructure, among others.

**8. As host of the next ALIDE assembly in 2025, Bagrícola will have the opportunity to lead important discussions on the role of Development Banking in agricultural and rural development. What are the expectations from the point of view of the Dominican Republic and Bagrícola regarding the Assembly?**

Very high. Bagrícola will be celebrating, in June of 2025, 80 years since its foundation and it will

be an opportunity to assess its contributions to the development of the country, and, above all, it will be an opportunity to project its future and rethink its role as the main entity channeling financial resources to the important agricultural-livestock sector of the Dominican Republic.

**9. To conclude, would you like to share a message for the Development Banking community and invite them to participate in the 55th General Assembly of ALIDE?**

Well, we are waiting for you here very eager to learn from your experiences and share ours, as well as the hospitality of our people. Here we are, expecting you.

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