



VISIONS OF DEVELOPMENT

OCTOBER • 2026 • EDITION 6

CAF
DEVELOPMENT BANK
OF LATIN AMERICA
AND THE CARIBBEAN

**Latin
America and
the Caribbean**
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an opportunity

Acupuncture for water

Mexico City's efforts to
address water stress.

The future of work turns green

Key strategies for
promoting jobs that
protect the environment.



Sowing to harvest progress

The challenge for Latin America and the
Caribbean to turn its natural advantages into
productivity, sustainability, and inclusion.

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A call to action



Sergio Díaz-Granados

Executive president of CAF
—Development Bank of Latin
America and the Caribbean—.

Latin America
and the Caribbean
is a region with
extraordinary
potential to
lead global
sustainability
efforts, thanks
to its natural
wealth, diversity,
and capacity for
innovation.

When reports point out that Latin America and the Caribbean is the region with the highest rate of urban dwellers, the implicit message is the relative depopulation of its rural areas. Since the beginning of last century, and with greater force since 1950, millions of people left for towns and cities due to various factors.

Academics speak of the industrialization process that increased the demand for labor, as well as other elements such as lack of access to education and health services, marginality, and violence. The phenomenon of internal migration is not exclusive to this part of the world, although in our case it is characterized by its speed and intensity over a span of a few decades.

Although links with the countryside continued to exist, in many societies they believed that opportunities for progress were primarily found in manufacturing and services. Fortunately, that perception began to be reevaluated some time ago, as demonstrated by the fact that we are now the world's leading net food exporter.

There is no doubt that we possess unique natural advantages, starting with fertile land and abundant water, along with a wide variety of altitudinal climate zones. From that point of view, we are in the ideal position to supply a growing global demand, driven not only by population growth, but by improvements in income that bring about a richer and healthier diet.

If we tap into this still undeveloped potential, we could spread the seeds of well-being across the region. On several occasions I have pointed out that our rural areas have what it takes to become the great engine of productive advancement and, in turn, become decisive in the goal of closing structural gaps.

It is worth highlighting that those differences are still enormous. Although there has been an improvement so far this century, the monetary poverty rate in the Latin American

and Caribbean countryside is still double that of the cities. In terms of access to essential public services or formal employment, the difference could well be described as abysmal, driving many young people to move to urban areas.

Reversing the trend will not be easy or fast, but there is no doubt that the outlook is different. On the one hand, examples of successful agricultural operations are increasing, boosting food security, conquering markets, and generating foreign exchange, giving rise to virtuous cycles of public and private investment. On the other hand, technological advances and the emphasis on sustainability allow us to foresee a future in which growth based on rural activities and nature conservation are not mutually exclusive.

This is the core theme of our CAF report this year, titled "Roots of the Future: The New Rural World of Latin America and the Caribbean." Apart from focusing on our possibilities to become a true global granary, the text also mentions the subsoil and mineral wealth that are key to the energy transition.

Furthermore, I must mention the region's aptitude to diversify its sources of economic activity outside urban areas. I am referring to tourism, fishing and aquaculture, bioeconomy, clean energy, and value-added processing of natural resources.

Nothing I mention will happen spontaneously; it demands planning, leadership, and actionable capacity. Bottlenecks abound, ranging from land titling issues, poor infrastructure, or limited efforts in research and development of more resilient plants and trees, to challenges such as climate change.

For this reason, rather than merely noting our advantages, much of the content of this edition should be understood as a call to action. We know that the conditions for the Latin American and Caribbean countryside to cease being synonymous with exclusion and poverty are there. Now it is a matter of ensuring that its fruits benefit as many people as possible. 



▲ At the inauguration of Keiko Fujimori as president of Peru, several Andean leaders, among them, the executive president of CAF met, reaffirming their commitment to cooperation.

Strengthening cooperation ties

During the inauguration of Keiko Fujimori as president of Peru on July 28 in Lima, the presidents of Chile, José Antonio Kast; Bolivia, Rodrigo Paz; Ecuador, Daniel Noboa; Panama, José Raúl Mulino; as well as José Manuel Restrepo, vice president of Colombia, and Sergio Díaz-Granados, executive president of CAF—Development Bank of Latin America and the Caribbean—gathered together.

The meeting evidenced a renewed willingness to strengthen cooperation ties and advance an agenda for greater integration in the Andean region, where over 120 million people converge.

“The inauguration of Keiko Fujimori has been an ideal opportunity to ratify CAF’s commitment to the country, one of the founders of our institution,” stated CAF Executive President, Sergio Díaz-Granados.

Historically, Peru has played a key role in Andean integration efforts, and on this occasion, it served once again as the meeting point for a future-oriented regional conversation.

“Accompanying democratic transitions in Latin America and the Caribbean brings us great satisfaction. Each presidential handover reaffirms the value of institutions and the importance of fostering consensus for development, building upon what has been built,” added Díaz-Granados.

It is worth recalling that the day before the inauguration, the Executive President of CAF and the President of the Business Council Alliance for Ibero-America, Nuria Vilanova, met with Fujimori to ratify both institutions’ support for the country and lay the foundations for cooperation with the new government.

Moody's upgrades CAF's credit rating



CAF achieved the highest long-term credit rating in its history with Moody's Ratings, after the agency raised its valuation by two notches, from Aa3 to Aa1.

This new assessment granted by Moody's is a recognition of CAF's financial strength and its role as a strategic partner for sustainable development in Latin America and the Caribbean.

In addition to valuing its robust liquidity, the agency highlighted the sustained strengthening of the institution's capital.

"This achievement is the result of the joint work of our shareholder countries and the entire CAF team. We will continue working to consolidate our impact on the region's development," said Sergio Díaz-Granados, executive president of CAF.

CAF reaffirms its commitment to Colombia

Sergio Díaz-Granados, executive president of CAF, presented to Abelardo de la Espriella, president of Colombia, the institution's financing framework for the 2026-2030 period.

The financial package, totaling \$9 billion —the largest CAF has ever made in Colombia— presents four major axes: Energy security, infrastructure for productivity, prosperity and social inclusion, and territorial presence and strengthening.

\$2.04 BILLION

The executive board of CAF — Development Bank of Latin America and the Caribbean — approved a financial package of \$2.04 billion aimed at boosting sustainable development in several countries across the region.

Strategic sectors such as infrastructure, renewable energy, biodiversity conservation, sustainable urban mobility, urban development, access to drinking water, and investment support are part of the approved operations.

CAF's approved operations by destination country:

- ▶ **Ecuador:** \$214.7 million to improve the state road network.
- ▶ **Colombia:** renewal of credit line with BBVA Colombia for \$200 million to boost trade and the sustainable palm oil agro-industrial chain.
- ▶ **Uruguay:** \$85 million for a new water treatment plant in Aguas Corrientes.
- ▶ **Argentina:** \$137.8 million for power supply and \$387 million for road connectivity in the province of Neuquén. Guarantee extension of \$250 million for new financing sources.
- ▶ **Honduras:** \$400 million to strengthen access to social housing.
- ▶ **Brasil:** \$100 million loan for the expansion of Line 2-Green of the São Paulo metro system.
- ▶ **Bolivia:** \$95 million to rehabilitate the Santa Bárbara-Caranavi highway.

Alliance for the reconstruction of schools in Chocó

Shakira, Howard Buffett, and representatives of the Pies Descalzos Foundation and CAF —Development Bank of Latin America and the Caribbean — visited Quibdó, capital of Chocó, one of the departments most affected by the earthquake that hit Colombia on Aug. 10.

Following the tour, they announced they will contribute over \$1 million for the recovery of affected schools. The commitment includes \$500,000 from Shakira and Live Nation, \$500,000 from the FIFA Global Citizen Education Fund, and \$250,000 from CAF. “Schools are more than buildings. They give children the stability and routine they need most after a disaster,” said the Barranquilla artist.



Boost for companies with social and environmental impact

CAF launched the Fondo Vela (Vela Fund), a vehicle through which it seeks to mobilize between \$100 million and \$150 million aimed at companies and funds that generate financial returns with measurable social and environmental impacts.

The Fondo Vela will count on CAF's backing as an anchor investor and will be managed by Sonen Capital and Mexico's Fondo de Fondos, becoming

the first regional impact investment fund structured by a multilateral development bank.

Biodiversity, blue economy, regenerative agriculture, poverty reduction through investments in health, education, employability, connectivity and basic services, and financial inclusion are some of the strategic sectors targeted by the Fondo Vela's investments.

Support for agriculture and rural SMEs in Panama

CAF —Development Bank of Latin America and the Caribbean— and Banco Nacional de Panamá (Banconal) formalized an A/B loan for \$500 million, aimed at boosting agriculture and SMEs in rural areas of the Central American country.

The operation — the first A/B loan in CAF's history in Panama — is expected to benefit more than 3,300 small- and medium-sized enterprises, with special focus on those led by women. At least half of the resources will go toward financing agricultural and agro-industrial activities.



Sowing to harvest progress

The true challenge for Latin America and the Caribbean lies not in the abundance of resources, but in its capacity to convert natural advantages into productivity, sustainability, and inclusion.

Por: Ricardo Ávila - Director of Visions of Development
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1,100 million

**hectares of arable land exist
in Latin America and the Carib-
bean, corresponding to 23%
of the world total.**

More than five centuries have passed since the first chroniclers of the Indies recorded their impressions while exploring what would be called the New World. Across various texts, expressions of surprise repeat regarding the lush and heterogeneous landscape encountered by the conquerors, as well as the fertility of the land. "Like an orchard filled with lush, cool trees," wrote Bartolomé de las Casas.

Those qualities have been celebrated on countless occasions. Like few regions in global geography, Latin America and the Caribbean (LAC) possess unique conditions for food production, starting with abundant land and water, as well as a wide variety of altitudinal climate zones.

The figures speak for themselves. With nearly 8% of the planet's population, the zone accounts for 23% of total arable land, amounting to just

under 1.1 billion hectares. Although the area currently exploited stands at around 741 million hectares according to the Food and Agriculture Organization, or FAO, there remains ample room to grow.

By virtue of what has already been achieved, Latin American and Caribbean countries as a whole are the main net exporters of food, holding an 18% share in this segment of world trade. Soybeans, sugar, corn, coffee, beef, poultry and pork, avocado, shrimp, and bananas are a few examples from an extensive list in which the region holds first place.

On a planet where there will be more mouths to feed and demand grows disproportionately faster than the population due to rising incomes, LAC is in a unique position to seize the opportunity to consolidate its rural sector. Furthermore, there is wide scope for developing

BIOINPUTS: GREAT POTENTIAL

A recent study by FAO, analyzing cases of adoption and production of bioinputs in five countries across the region (Argentina, Bolivia, Brazil, Costa Rica, and Mexico), concluded that these technologies —derived from plants, animals, or microorganisms— can be an economically profitable investment for producers in Latin America and the Caribbean.

However, the study warns that their suitability depends on crop and soil types, agroecological conditions, production scale, and technology used. Bioinputs should not be viewed as a “magic bullet;” on the contrary, complementarity with traditional synthetic chemical inputs may be the primary option depending on specific circumstances.

Today, LAC is the region where bioinput use is growing fastest globally, with annual expansion estimated at over 10%.

links across agri-food supply chains.

Within this potential, it is essential to include sectors such as forestry, fisheries, aquaculture, and tourism. Pursuing this path would translate into benefits ranging from macroeconomic gains to job creation and the inclusion of currently marginalized communities.

This is one of the central messages of the “Economy and Development Report,” published recently by CAF — Development Bank of Latin America and the Caribbean. The comprehensive report, titled “Roots of the Future: The New Rural World of Latin America and the Caribbean,” spans over 400 pages and includes a detailed diagnostic of reality along with sensible proposals on how to get things right.

Starting point

That this is a crucial matter is a claim hard to refute. According to estimates by the Latin American and Caribbean Demographic Centre, or CELADE, nearly 120 million people reside in the Latin American and Caribbean countryside, equivalent to 18% of the total population.

As has occurred across diverse latitudes, that proportion has been declining; in the mid-20th century, it approached half. The



▲ LAC is in a unique position to seize the opportunity to consolidate its rural sector.



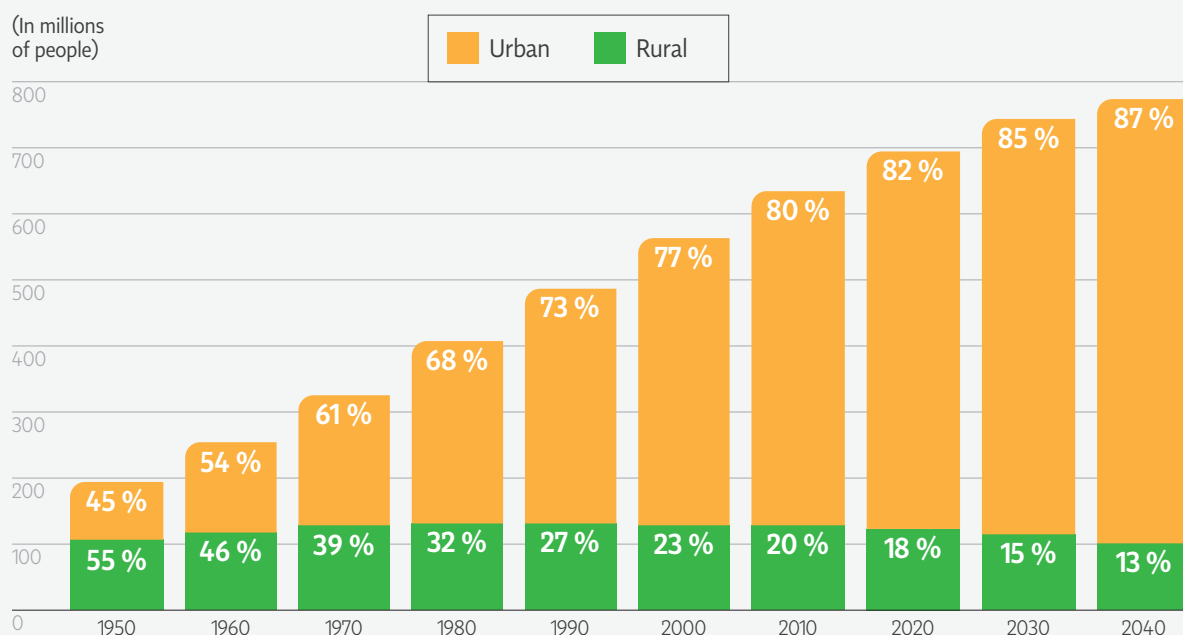
trend is expected to continue in the coming years, nearing 13% by 2040. The sector's economic weight has also decreased — as is standard globally. This loss of share is offset by the growth of services, while manufacturing registers minor declines.

Nonetheless, the agricultural branch maintains a significant share in LAC's added value. When agro-industry is included, the weight rises to nearly 10% of the total, above its representation in OECD member nations.

In turn, among the challenges, the one that stands out is social development. Breaking the vicious cycle that condemns specific

Within this potential, it is essential to include sectors such as forestry, fisheries, aquaculture, and tourism. Pursuing this path would translate into macroeconomic benefits, job creation, and inclusion.

TOTAL POPULATION AND SHARE OF RURAL POPULATION IN LATIN AMERICA AND THE CARIBBEAN, DECADES 1950-2040



NOTE:
Projection values correspond to the midpoint of each decade.

SOURCE: OWN ELABORATION BASED ON UNDESA DATA (2019)

areas to backwardness is not easy. Reasons are diverse. The most complex is the poverty gap between urban and rural geographies: 17% vs. 34% in 2023. In urban areas, incomes are higher, and unsatisfied basic needs indicators confirm that quality health care or education coverage is higher.

This picture does not deny that things have improved. In 2003, rural poverty incidence reached 66% as a regional average. Yet

large disparities linked to age, gender, education, and ethnicity persist. For instance, the situation is worse for Indigenous and Afro-descendant populations.

Part of the problem lies in the relative scarcity of formal jobs, leading to precarious employment. Perhaps the most redeeming aspect is that within a general context of stagnant productivity, rural activities have experienced significant progress, although



A Beyond favorable natural conditions, there are bottlenecks in LAC that must be resolved.

still trailing behind other geographic areas.

The distribution of agricultural production units also influences the diagnostic. In LAC, smallholdings under two hectares predominate (whereas in the Southern Cone, farms exceeding 100 hectares are more prevalent).

Such dispersion is linked to issues such as land distribution or crop type. Oilseed production typically demands more land, followed by grains or fruit trees. In cattle ranching, large disparities emerge regarding efficient land use and technical knowledge. In any case, larger farm sizes generally correlate with greater mechanization.

Evidently, units associated with subsistence coexist alongside others incorporating modern techniques. As in other fronts, heterogeneity is present, making it difficult to formulate broad or blanket policies.

Beyond particularly favorable natural conditions, significant bottlenecks emerge. Inadequate infrastructure or weak technical assistance services hinder connection to consumption centers and prevent higher yields. For those seeking to reach export markets, sanitary and phytosanitary measures present a major obstacle.

What could be

Alongside challenging circumstances — ranging from lack of proper land titles to youth migration to urban centers — stands the conviction that virtuous cycles driving shared prosperity can be created. The CAF report emphasizes linking the agricultural sector with other economic activities.

5 %

Global food demand will increase by this amount over this five-year period, according to the International Fund for Agricultural Development.

Put differently, there is far more than food production for final consumption. This means great opportunities exist to strengthen backward and forward linkages.

To cite a concrete case, land utilization requires fertilizers coming from industry. Once harvesting arrives, crops can become inputs for feed manufacturing or food processing. The example illustrates that positive spillover effects extend into manufacturing or services, underpinning overall economic growth.

This perspective acknowledges that Latin American and Caribbean countries are already major players in global food trade. That 21% share in global agricultural exports supplies foreign currency and attracts significant investment flows. Although proportions vary, in several countries (such as Brazil or Argentina) this sector represents over 40% of total foreign sales.

With that established, challenges to consolidation remain manifold. In logistics

The issue of water distribution and rational use in food production is crucial given the implications of climate change and extreme events.

and transport, hurdles translate into high costs. Protectionism risks are no less significant. The concept of food sovereignty has gained prominence following the pandemic — which brought supply chain bottlenecks — and heightened geopolitical tensions. Domestically within net-importing societies, farmers push for purchasing guarantees for their produce, occasionally giving rise to barriers of various kinds.

Recently, considerations regarding the origin of certain goods whose cultivation may be linked to deforestation or negative ecological impacts have taken center stage, such as the EUDR Regulation in Europe. Traceability is crucial for specific consumer segments demanding to know where supermarket produce or meat originates. While the principle is noble, it can also become a form of trade barrier.

Additionally, the Carbon Border Adjustment Mechanism adopted by the European Union, aimed at discouraging imports produced under laxer environmental rules, could eventually raise costs for key inputs such as fertilizers or electricity. This comes alongside dozens of restrictive measures that seem to be the norm rather than the exception today.

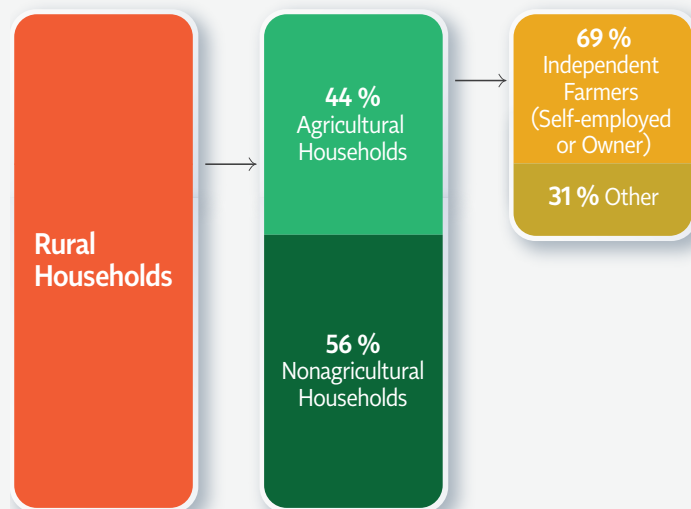
Multiple tasks

With warnings noted, projections indicate a considerable rise in global food demand. According to the International Fund for Agricultural Development, demand could rise 56% during the current five-year period. Under this scenario, LAC could supply part of that increase, even pacing faster than recent growth rates. To put it in perspective, while global agricultural production quadrupled from the early 1960s to the present, the region experienced a more than fivefold surge.

Due to these circumstances, regional harvests' share in global consumption rose from 9.4% to 12.3% between 1961 and 2022, according to USDA data. It is worth noting that progress was uneven: Brazil saw an eightfold increase, Andean nations expanded nearly sixfold, the Southern Cone under fourfold, and the Caribbean fell below twofold.

CLASSIFICATION OF RURAL HOUSEHOLDS BY LABOR LINK TO THE AGRICULTURAL SECTOR

Latin America and the Caribbean Average, 2023



NOTE: Agricultural households are defined as rural households where the head or spouse has their primary occupation in the agricultural sector. Independent agricultural households are those where the head or spouse is self-employed or an employer.

SOURCE: OWN ELABORATION BASED ON CEDLAS DATA (2025)



Technological change factors — such as adopting genetically modified seeds or no-till systems — contributed to appreciable gains in total factor productivity. Another fundamental element is land availability per worker, favoring larger nations or those with an expansive agricultural frontier relative to population size, as seen in Uruguay.

Additional bottlenecks appear in the analysis. For example, access to agricultural machinery is more prevalent on large farms than on smallholdings, while irrigation availability remains unequal. Water distribution and rational use are crucial given climate change implications and extreme weather events.

Indeed, global warming challenges bring risks and opportunities for LAC. Risks include higher temperatures impacting productivity in certain zones, forcing spatial relocation of specific crops. Meanwhile, areas receiving increased rainfall might benefit. The call, then, is to enhance monitoring systems and response capacity, requiring the development of more resilient seed varieties.

While alarm bells ring, other tasks essential to boosting agricultural production emerge. The list begins with land ownership and cadastral records, especially where ti-

tling lags behind. Overcoming this hurdle would boost investment and credit access before modernizing cultivation methods, as confirmed by successful experiences from Mexico to Peru.

Equally important is cadastral modernization to fill information gaps regarding land occupancy and land use. Sophisticated technological tools can complement field surveys, requiring cooperation between national and municipal authorities.

Identifying real estate wealth also serves fiscal or planning purposes. For instance, climate risk mitigation against forecasted extreme events becomes more feasible with adequate tools and data.

In financial terms, there is also a long way to go. Beyond injecting resources, progress is needed in banking access, leveraging mobile technology to overcome community isolation. In insurance, much more can be done following successful global models.

The list of pending tasks continues with efforts to develop infrastructure, ranging from decent roads to collection centers or adopting precision technology for irrigation management, keeping in mind that water will become an even more precious resource.

Biofuel development is also on the table. The region has been a pioneer in this area, as shown by ethanol or biodiesel, but it can go much further.

Questions also remain regarding the technological revolution and its application in field work — not only for weather forecasting, but for deploying artificial intelligence, or AI, tools to achieve more efficient operations. Adequate digitalization requires building high-quality data and training individuals in essential skills to translate cyberspace tools into higher productivity and sustainability in crop areas.

A broader lens

V An additional possibility for sustainable progress is promoting the link between rurality and tourism.

While extending beyond food supply, a strengthened agricultural sector will help Latin American and Caribbean countries successfully navigate the energy transition. Expanding renewable sources such as solar

or wind power will also help improve coverage in remote areas, consolidating a generation matrix that is already mostly clean due to hydroelectricity.

Naturally, biofuel development is on the table. The region has been a pioneer here — as seen with ethanol and biodiesel — but can go much further.

Broadening the scope requires including forestry (timber and nontimber), fisheries, aquaculture, and tourism sectors, which are vital for rural income diversification and job creation. It suffices to remember that in forests alone, LAC houses over one-fifth of the global surface area.

There is much to do here, particularly regarding indiscriminate logging and illegal timber extraction. Beyond conservation strategies where applicable, sustainable forestry through well-managed plantations should be leveraged.

A similar logic applies to fishing activities. Allowing overexploited resources to recover can be complemented by consolidating aquaculture.

An additional possibility for sustainable progress is promoting links between rurality and tourism. As more travelers seek connection with culture and nature, LAC's unique heritage can embody prosperity and responsible management of flora, fauna, and landscapes.

All efforts outlined across these pages aim to narrow the poverty gap between urban and remote areas faster. Stemming migration and retaining youth will only be possible if the countryside offers a better future and ceases to be synonymous with backwardness and marginalization.

Possessing exceptional conditions is not enough if regional countries fail to do their homework. That starts with setting comprehensive rural development as a goal — which need not be a utopia on a planet demanding more than the region currently offers.

Yet nothing will happen spontaneously. As any farmer knows, owning land is not enough; it must be prepared. Only then can sown seeds germinate, while prudent irrigation and care will grow plants whose steady harvest will bring well-being to LAC. ▲





‘May rural life be as attractive as in the cities’

Juan Lucas Restrepo, director-general of the Alliance of Bioversity International and CIAT, reviews the main challenges facing agriculture in Latin America and the Caribbean, while presenting options for the region to overcome them and maximize its potential.

Por: Ricardo Ávila - Director of Visions of Development
@AgendaCAF

Agriculture faces one of the greatest challenges in its history: Producing more food for a more populous planet while adapting to an increasingly extreme climate. Juan Lucas Restrepo, director-general of the Alliance of Bioversity International and Centro Internacional de Agricultura Tropical, or CIAT, argues that this transformation is no longer exclusively about increasing productivity; it must also consider how we cultivate, conserve biodiversity, and build more diverse and sustainable food systems.

With a perspective combining scientific research, rural development, and public policy, Restrepo analyzes the risks and opportunities facing Latin America and the Caribbean (LAC). He delves into the role of technology in agriculture, the need to attract young people to the countryside, how to bridge the rural-urban divide, and the decisions the region must make to produce more food with less environmental impact.

Projections indicate that global food demand will continue to rise. What challenges does this scenario present, starting with guaranteeing supply?

The reality is concerning: 645 million people suffered from hunger last year. We live in an era of increasingly frequent shocks — from natural disasters to conflicts that worsen food insecurity and threaten our food supply. But we also have the capacity to offer sufficient, affordable, and nutritious food for everyone if we deeply transform our food systems. One of the most important ways to achieve this is to diversify what we plant and what we eat.

Currently, the world relies on just four commercial crops: Wheat, rice, corn, and soy,



“Governments today, more than ever, need to understand food security through a balance between what they can produce efficiently and what they need to import”.



“Latin America and the Caribbean is a net food exporter and will continue consolidating its position as a global agricultural powerhouse. That is a real opportunity, provided we balance it with natural resource protection.”

which dominate trade and represent 42% of the calories we consume globally. Increasingly standardized supply chains have made the system fragile: A disease, a drought, or a geopolitical disruption can have global ripple effects, whereas more diverse regional systems and shorter value chains would have greater capacity to absorb these shocks.

We need a production system based on healthy soils, with greater drought resistance, lower input requirements, and stable yields. Achieving this begins by diversifying the food basket and reducing our dependence on dominant crops.

For example, at the Alliance of Bioversity International and CIAT, we protect some of the world's largest collections — over 67,000 samples in total — of beans, cassava, and tropical forages, and we work on a significant number of underutilized crops. These crops are part of the diversity we need to build more resilient food systems and reflect a core part of the Alliance's mission: Conserving genetic

diversity and putting it at the service of more sustainable and resilient food systems.

What answer can science provide to challenges like climate change?

Nearly 3.6 billion people live in contexts vulnerable to climate change. Many are small-holder farmers producing a third of our food. A two-degree increase in global temperature would put 189 million more people at risk of hunger.

Science has two major dimensions of response to climate change. On one hand, organizations like the Alliance deliver data, projections, and forecasts to producers in a more precise and timely manner to support their decisions, as well as those of local governments and value chain actors. For example, we have brought farmers, local governments, and scientists to the same table to convert climate data into planting and harvesting decisions. As a result, 500,000 people in Latin America decide when and what to plant based on ev-

“We have the knowledge, capabilities, and tools to help feed humanity properly while restoring our natural resources.”

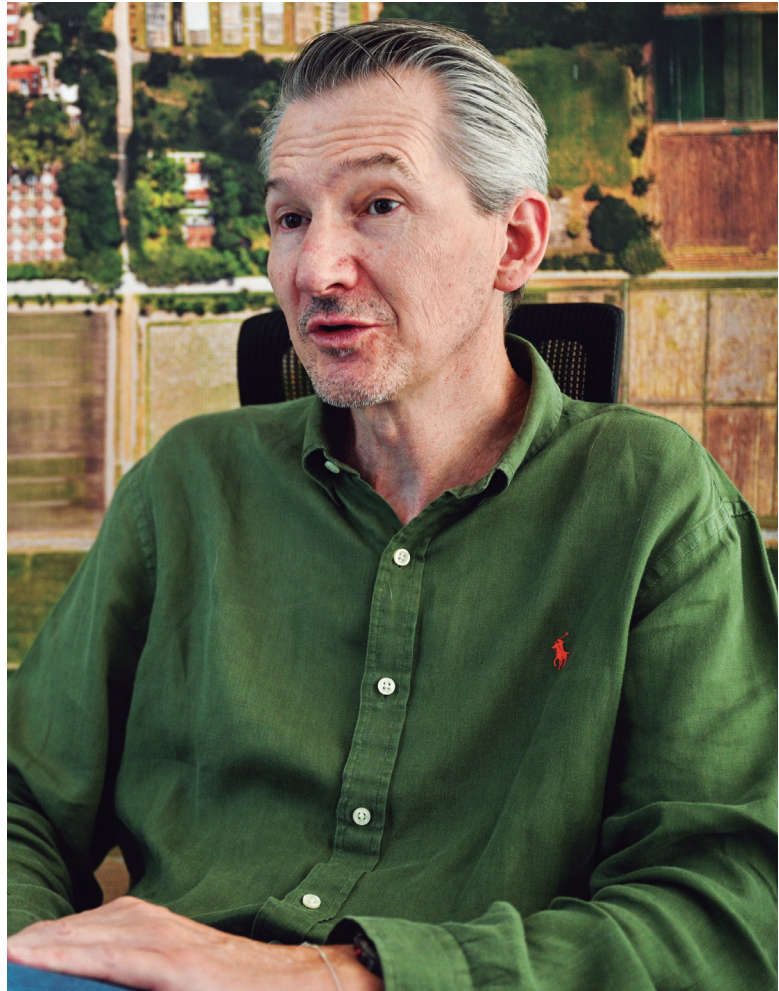
idence rather than guesswork. We also have tools like AClimate, a digital platform generating agroclimatic forecasts to support farmers across LAC.

On the other hand, scientific development itself must incorporate new climate conditions. We are researching pastures with deeper roots and crops more tolerant to high temperatures, as well as materials capable of coping with water deficits and excess — both sides of climate change. Grasses from our forage program could reduce greenhouse gas emissions between 25 million and 59 million tons of CO₂ equivalent in the Americas alone. The final and most critical step is ensuring this science reaches more farmers, especially women and vulnerable communities, translating into concrete decisions in the field.

How do you explain that hunger and malnutrition persist when, on paper, there are surpluses to serve vulnerable populations?

Hunger and malnutrition do not always go hand in hand. We still have hundreds of millions of people experiencing hunger globally, concentrated in specific geographic zones: Low-development countries and conflict zones where climate change and conflict combine to perpetuate hunger hotspots.

Malnutrition, meanwhile, can exist even when sufficient calories are available. In Latin America and the Caribbean, adult obesity has reached 29.9%, nearly double the global rate, having risen 7.5 percentage points in the last decade. This occurs due to multiple factors — for instance, average vegetable consumption remains below half the recommended level.



These problems depend not solely on food supply, but on factors such as culture, education, and poverty. Our agenda addresses both fronts: Improving food supply through technology while understanding consumer environments and value chains to help reduce hunger and improve nutrition.

Amid complex geopolitical realities, national food security has become crucial. What is your vision on this?

Governments today, more than ever, need to understand food security through a balance between what they can produce efficiently over time and what they need to import. This requires real investment in technological development to strengthen domestic production while recognizing that no country can produce everything it consumes on its own.

A Restrepo asserts that the urban-rural divide cannot be closed through agriculture alone.



▲ “We must make better use of digital platforms that generate agroclimatic forecasts.”

There is pressure to produce more and achieve greater food sovereignty, but this must always be balanced with foreign trade. Sovereignty means optimizing efficient, diverse production internally while using trade to complement production with food items not produced domestically. Ignoring that balance and forcing local production modes with inadequate technologies comes at a cost: In Latin America, 75% of soils suffer some degree of degradation, costing the region an estimated \$60 billion annually. That is the price of producing without considering what the land can sustain.

The migration process from rural areas to cities continues. What challenges does this bring for agriculture?

There is a dual challenge. On one hand, food systems must become more efficient to serve rapidly growing urban centers, representing a major challenge for production, logistics, and supply chains. On the other hand, the countryside is increasingly left in the hands of older

farmers: The proportion of youth working in agri-food systems dropped from 54% in 2005 to 44% in 2021. We need real incentives to bring young people into the agri-food sector and agricultural production.

The digital and technological revolution can generate production methods requiring fewer rural workers over time, offering better pay. But we must also make rural life attractive for those who might choose agriculture as a life project — as attractive as city opportunities. That is the competition.

In low- and middle-income countries, the income gap between rural and urban areas is wide. How can it be closed?

The gap is significant: According to the International Labor Organization, or ILO, rural workers earn an average of 24% less per hour than urban workers, with a wider gap in developing countries. Strengthening value chains can generate economic opportunities in small towns — not just in agricultural production, but in farm services, rural retail, and surrounding activities. That can drive economic development to help close gaps.

This type of development attracts services and generates employment in nonagricultural sectors as well. Thus, the urban-rural gap is closed not solely through agriculture, but through the opportunities agriculture opens for the rest of the rural economy. Brazil, for instance, generates agricultural and rural employment in Mato Grosso by diversifying the local economy, and recently, it enabled local biodiversity crops in government procurement programs such as school feeding, directing public needs toward smallholders as an income generator in local communities.

How do you view Latin America and the Caribbean regarding food production? Where are the opportunities and risks?

Latin America and the Caribbean as a whole is a net food exporter and will continue consolidating its position as a global agricultural powerhouse. That is a real opportunity for the region, provided we balance it with natural resource protection, addressing soil degradation, and meeting our population's nutritional needs.

“There are zones with the environmental conditions and potential to increase food production. Tapping that opportunity requires political resolve, infrastructure, and doing the job right.”

There are zones with favorable environmental conditions and potential to increase production for both domestic consumption and exports. But tapping that opportunity requires political resolve, infrastructure, and doing the job right. The Colombian and Venezuelan Orinoquia is one potential new global food basket.

The goal must be moving toward sustainable intensification: Producing more on less land with lower reliance on external inputs. A good example is our work through the Latin American Fund for Irrigated Rice, or FLAR, where the Alliance of Bioversity International and CIAT are partners alongside 17 countries. Over 35 years, it has enabled Latin America to achieve self-sufficiency and exportable surpluses in less cultivated area.

In 1995, partner countries used 6.6 million hectares to produce 20.4 million tons of rice. In 2024, they used 4.4 million hectares to produce 26.2 million tons. Over that period, yield doubled from 3 to 6 tons per hectare for FLAR partner countries.

That is the path: Producing more while making better use of natural resources without unnecessarily expanding the agricultural frontier.

How optimistic or pessimistic are you that, in the near future, the world can count on sustainable agriculture guaranteeing adequate nutrition across all continents?

There is no alternative but to be optimistic, even if labeled naive at times. We have the knowledge, capabilities, and tools such as artificial intelligence to help feed humanity properly while restoring natural resources — a scenario within reach.

We have the elements to do it; the challenge lies in achieving the political and economic alignment to scale these capabilities. If there is one lever to pull faster, it is climate adaptation finance: The annual gap stands between \$194 billion and \$366 billion, while smallholders producing a third of global food receive under 1% of that funding. Closing that gap would turn much of today’s discussion into a resilient reality. ▲



The future of labor turns green

Green jobs are the driving force behind the transition toward sustainable development. How can their development be boosted in Latin America and the Caribbean?

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Last Sept. 2, during the presentation of the report “Limiting Overshoot: Navigating exceedance of 1.5°C and pathways for return,” prepared by the United Nations Environment Programme, U.N. Secretary-General António Guterres admitted that limiting global temperature rise to 1.5 degrees Celsius — the goal of the Paris Agreement — is now nearly impossible: “The world is not keeping that promise. We are on the verge of breaching the 1.5-degree limit in the coming years.”

The document, however, offers a final way out to avoid climate devastation: Accelerating the phase-out of fossil fuels, transitioning decisively to clean energy, and developing sustainable production models so that exceeding the threshold remains temporary.



STRATEGIC SECTORS WITH HIGH POTENTIAL FOR GREEN JOB CREATION



“Due to its biodiversity and natural resource wealth, Latin America and the Caribbean is in a privileged position to leverage green job opportunities.”

This transformation, which affects virtually all economic sectors, requires workforce adaptation to the new environment. In this context, green jobs become highly relevant; that is, all positions that, according to the International Labor Organization, or ILO, “contribute to preserving and restoring the environment, whether in traditional sectors such as manufacturing and construction, or in emerging sectors like renewable energy and energy efficiency.”

Due to its biodiversity and natural resource wealth, Latin America is in a privileged position to leverage green job opportunities. Although the region has shown signs of transformation, those signs remain modest. A study on green labor demand by CAF — Development Bank of Latin America and the Caribbean — concluded that job openings with high green potential in the region stand between 10% and 16%, while over 30% have low green potential.

Thus, the challenge remains enormous. On one hand, it requires training in skills demanded by emerging sectors (such as clean energy); on the other, upskilling the workforce in traditional sectors (such as textiles and construction) in sustainability practices and circular economy.

JOB DYNAMICS

A 2023 CAF analysis on green labor demand — based on job posting data in Latin America and the Caribbean within the energy transition context — concluded that due to low labor mobility and the time needed to address skill gaps in emerging sectors, short-term green job creation may generate structural unemployment.

In the medium term, the report calculates, policy impacts will spread across the economy. As behaviors shift and value chains adjust, new jobs will emerge while others will be eliminated.

Hence the need to promote a just transition ensuring decent work creation and implementing social protection policies to cushion effects where transformation runs deep, ensuring a socially inclusive transition.

In its “Information Guide for Green Jobs in Latin America and the Caribbean,” CAF proposes a strategy engaging government entities, the private sector, and educational institutions to promote green jobs as a motor for sustainable development in the region, aligned with Paris Agreement goals: Promoting clean energy, energy efficiency, sustainable natural resource management, greenhouse gas reduction, biodiversity conservation, job dignity, and community quality of life improvements.

“To achieve the transition to a green economic model, it is urgent to create financing strategies through public funds, public-private partnerships, and international cooperation.”



How to promote and increase green jobs?

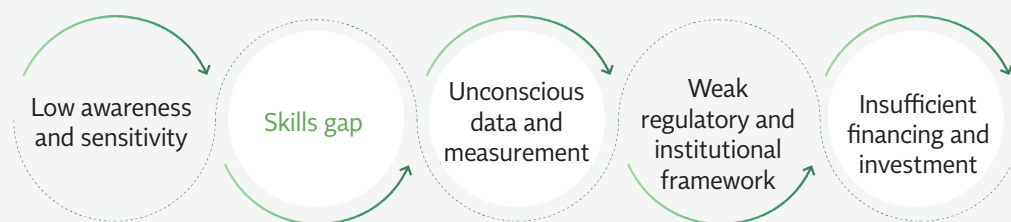
As a first step, the guide suggests starting with an opportunity diagnostic integrating three items:

- ▶ Identify key economic sectors, namely those with the highest impact on sustainable development.
- ▶ Evaluate current and future labor market trends to identify green demand alongside required skills and knowledge.

- ▶ Measure the environmental impact of key sectors to evaluate the effectiveness of current sustainable practices and explore new green technologies and processes.

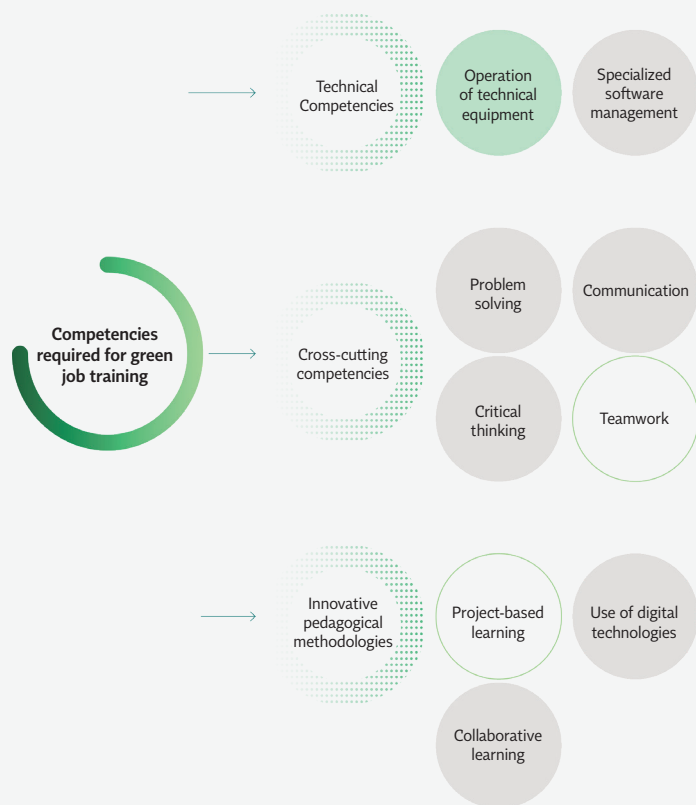
The second step is identifying professional profiles with the highest potential for green competencies. Lacking a specific regional classification, the authors referenced the ESCO tool — a database classifying skills, competencies, and occupations in the European labor market, describing over 3,000 occupations and nearly 14,000 related skills. Researchers selected pro-

REGIONAL BARRIERS AND CHALLENGES FOR GREEN JOB DEVELOPMENT



SOURCE: OWN ELABORATION

COMPETENCIES REQUIRED FOR GREEN JOB TRAINING



SOURCE: OWN ELABORATION

files closely tied to sustainable development, finding that 1 in 10 could be considered linked to green jobs.

The 10 sectors where these profiles predominate are: Agriculture (including reforestation and protected area conservation), water management and sanitation (including watershed conservation and sustainable groundwater management), construction (including sustainable water management and nature-based solutions), energy efficiency, renewable energy (wind, solar, marine), waste management, environmental services, manufacturing industry, transport and logistics, and tourism.

Once mapped out, specific professional profiles must be defined for each sector — not only technical skills, but cross-cutting soft skills such as critical thinking, innovation mindset, and teamwork, among other characteristics.

Supply-side challenges

A major obstacle to labor transformation is the mismatch between academic offerings and new economy needs. In that sense, the transition's success depends on efficient coordination between government, the private sector, and educational institutions to match these profiles with the new green economy model.

On the one hand, this involves ensuring that university and technical institute programs align with market demand, enabling them to train managers, consultants, and skilled workers to meet the requirements of each key sector, whether emerging or traditional. On the other hand, upskilling programs in green competencies must be established for the active workforce, removing barriers for vulnerable groups — such as the lack of specialized education or discrimination based on race, gender, or disability.

According to CAF research, green transition occupations remain very limited, particularly in regard to emerging sectors. Consequently, governments must establish specific legislation and comprehensive programs to promote green jobs. Academic institutions can contribute through scholarship programs and incentives to attract students to high-demand fields. The private sector, for its part, can develop its own internal strategies to recruit specialized talent and up-skill their existing staff.

The final challenge is sustainable financing. If the goal is to make a definitive transition to a green economic model, it is urgent to develop financing strategies to ensure it, through the creation of dedicated public funds, public-private partnerships, and international cooperation — not only to cover training costs, but also technology upgrades, especially for small- and medium-sized enterprises, which tend to have the least budget available to implement such changes.

In any case, the initiative cannot be carried out in isolation. In this regard, a systematic awareness campaign is also needed to create a favorable environment for change across all sectors of society. ▲

Agribusiness: The new frontier of investment, innovation, and growth in Latin America and the Caribbean



Antonio Silveira,
CAF Vicepresident of
Private Sector

The combination of agro-export capacity, employment, investment, infrastructure, and innovation highlights the breadth of opportunities that agribusiness offers the region.

Agribusiness is moving beyond being a sector associated solely with primary production to become a space for innovation, investment, and the creation of new value chains in Latin America and the Caribbean (LAC)

The growing adoption of technology, digitalization, and sophistication of agricultural activities is opening up opportunities ranging from the expansion of agricultural exports and productive infrastructure to the development of AgTech solutions and more sustainable and inclusive models.

To support this transformation, CAF — the Development Bank of Latin America and the Caribbean — has a range of financial instruments that can channel resources to the sector, including corporate loans, equity investments, credit lines and transactions with financial partners, and financing for small- and medium-sized enterprises.

In 2025 alone, LAC exported \$52 billion worth of soybeans, \$27 billion in coffee, and \$22 billion in frozen beef. These traditional products are joined by others that demonstrate the sector's diversification — something that might have seemed unthinkable 15 years ago — such as blueberries, native to the cold forests of Canada and the United States, which have been adapted for production using advanced irrigation systems in the deserts of Chile and Peru. Those countries now lead global trade in blueberries, as they do in table grapes.

Chile also leads in cherries; Ecuador in bananas and fine-flavor cocoa; Mexico remains dominant in avocados — although Peru is already the world's second-largest exporter —; Brazil leads in açai; Colombia in golden berries; and Costa Rica in pineapples, among other LAC countries that stand out in different agricultural export value chains based on volume and/or differentiated quality.

The impact also extends to the labor market generated by the sector. Although agribusiness accounts for an average of 12.72% of employment in LAC, its share is considerably higher in some countries: 24.71% in Bolivia, 32.48% in Ecuador, 29% in Guatemala, and 22.42% in Honduras, according to 2025 World Bank data.

This dynamism is also reflected in the sector's ability to attract Foreign Direct Investment, or FDI. In Brazil, \$77.7 billion was mobilized in 2025 through announcements of private projects in global value chains, including soybeans, meat, and forestry. This represented an average of 10% to 14% of the FDI attracted by the country, according to Brazil's Central Bank (BCB) and ECLAC.

In Mexico, FDI is directed toward processed food and beverage manufacturing, as well as the modernization of high-value fruit and vegetable production, totaling \$43.2 billion in 2025, according to DataMéxico and ECLAC. In Argentina, the oilseed agroindustry, as well as innovation in biotechnology and AgTech, attracted FDI and interna-

tional commercial credit worth approximately \$1.2 billion annually between 2023 and 2025, according to data from INDEC and FAO-IICA.

In Chile, technological modernization, viticulture, and large-scale aquaculture received between \$1 billion and \$1.5 billion in private investment between 2024 and 2025, according to data from InvestChile. In Peru, coastal irrigation projects attracted between \$600 million and \$900 million annually in this type of investment during 2023–2024, according to estimates by BCRP and IDB.

In line with CAF's Agricultural Prosperity Strategy, the vice presidency of the private sector contributes to boosting this sector through equity investments, transactions with financial partners, and corporate loans, while promoting rural financial inclusion and productive employment.

In Brazil, for example, the Regional Development Bank of the Far South, or BRDE, received financing from CAF for the PRONAMPE BRDE SC program, which has mobilized \$60 million for the bovine dairy production chain in Santa Catarina and benefits more than 3,000 producer families. In Colombia, CAF and BBVA announced the first \$50 million financing facility for sustainable agricultural exports. By July 2025, more than \$40 million had been disbursed, benefiting 35 agribusiness companies involved in avocado, coffee, flowers, tropical fruits, and agricultural inputs, among other sectors.

But what about SMEs? In 2025, CAF provided a \$20 million loan to the Latin American Agribusiness Development Corporation to finance small- and medium-sized enterprises led or owned by women in the sector, as well as sustainable agribusiness, agricultural, forestry, and aquaculture/fisheries projects in different countries across LAC.

“Expanding access to financing and mobilizing private capital toward more efficient, sustainable, and inclusive value chains is key to unlocking this potential and strengthening economic development.”



In 2026, CAF and Banco Nacional de Panamá formalized a \$500 million A/B loan to promote the sustainable and inclusive growth of Panama's productive sector, benefiting more than 3,300 small- and medium-sized enterprises, with an emphasis on women-led businesses. At least 50% of the resources will be allocated to financing agricultural and agro-industrial activities, primarily in rural areas.

In addition to productive and infrastructure expansion, there is another opportunity to consider: innovation. CAF invested \$3.6 million in the Fundo Inovação Paulista, or FIP, fund managed by Brazil's SP Ventures, which consolidated capital to foster innovation among AgTech companies. One notable example is Genica, a biotechnology company that has replaced more than 900,000 tons of chemical fertilizers and pesticides with biological alternatives, impacting more than 8 million hectares in Brazil and Paraguay.

The combination of agro-export capacity, employment, investment, infrastructure, and innovation highlights the breadth of opportunities that agribusiness offers the economies of LAC. In this context, expanding access to financing and mobilizing private capital toward more efficient, sustainable, and inclusive value chains is key to unlocking this potential and strengthening economic development across the region. ▲

Biodivercities: Nature as infrastructure for local development



Christian Asinelli,
CAF Corporate Vice President
of Strategic Programming

The climate crisis is felt first at the local level: in the neighborhood that floods, the square without shade, and the stream that overflows. That is why solutions must also begin there.

Latin America and the Caribbean (LAC) is one of the most urbanized regions in the world: More than 80% of its population lives in cities. At the same time, it is one of the most biodiverse regions on the planet, home to nearly half of the world's biodiversity. For decades, these two realities evolved along separate and often opposing paths. Urban expansion came largely at the expense of wetlands, forests, rivers, and soils that today are precisely our first line of defense against increasingly frequent floods, heat waves, and droughts.

A "biodivercity" proposes changing that logic. It is a model that incorporates local and regional biodiversity into urban planning and management as a pillar of economic and social development and of residents' quality of life, rather than as a decorative add-on. A wetland that absorbs floodwaters, trees that lower temperatures in a neighborhood, or a restored watershed that once again becomes public space are, ultimately, infrastructure. Infrastructure as essential as a road, a water network, or a school.

With this conviction, in December 2021, in Barranquilla, Colombia, CAF —

the Development Bank of Latin America and the Caribbean — promoted the creation of the Biodivercities Network of Latin America and the Caribbean, together with Colombia's Humboldt Institute and with the support of UN-Habitat. The initiative brings together in a single space two of the commitments we have made to our shareholder countries: To be the region's green bank and, at the same time, the bank for subnational governments.

Five years later, the results confirm that this was a necessary undertaking. The Network now brings together nearly 250 cities in 15 Latin American countries, in addition to the capitals of Jamaica and Trinidad and Tobago. Between 2024 and 2026 alone, it added 63 new members, representing growth of nearly 30%. But the most revealing figure is another: 86% of its members are medium-sized and small cities. In other words, municipalities that often remain outside the main circuits of international financing and cooperation, and that find in the network a space to build capacity, exchange experiences, and connect with the world.



In Argentina, this dynamic is particularly clear. Lujan hosted the first meeting of the Network's Council of Authorities in March 2025 and is also the site of one of our institution's most significant operations in the region: The Lujan River Basin Integrated Management Project, financed through a \$220 million loan. Its water-management and environmental benefits have made it a benchmark for other cities. Recent additions such as Zarate, Venado Tuerto, and General Pico further demonstrate that the urban biodiversity agenda is also advancing in intermediate-sized cities across the country.

The region offers equally compelling examples. Valdivia, Chile, the first Wetland City in Latin America accredited under the Ramsar Convention, will host the global Wetland Cities meeting in 2027. Niteroi, Brazil, restored the Orla Piratininga Park and now chairs Mercociudades. Cali, Colombia, hosted COP16 on Biodiversity, which we supported through the network. And Manta, Ecuador, is implementing a pilot model that integrates nature and urban planning to protect its marine and terrestrial biodiversity.

The network's journey also reflects an evolution: From raising awareness and bringing cities on board to consolidating its governance and, since 2025, developing concrete projects. Our first regional incubation call received more

than 40 proposals, eight of which received specialized support over three months, with technical assistance from the Humboldt Institute, UN-Habitat, and CAF; field visits; and guidance on accessing financing. At the same time, more than 150 technical officials completed our open course on how to build "biodivercities."

The next step is the Adapting Biodivercities program, which we are promoting together with the Adaptation Fund, with ICLEI as the implementing partner. With a three-year budget of \$12 million, the program will offer competitive grants ranging from \$50,000 to \$500,000, enabling local governments themselves to design and implement climate change adaptation solutions. The first calls for proposals are expected before the end of the year.

The climate crisis is felt first at the local level: In the neighborhood that floods, the square without shade, and the stream that overflows. That is why solutions must also begin there. At CAF, we are convinced that the challenge facing our cities through 2031 is to grow, build, and urbanize without turning their backs on the nature that sustains them. ▲

"A 'biodivercity' is a model that incorporates local and regional biodiversity into urban planning and management as a pillar of economic and social development and quality of life."



CAF's comprehensive response to seismic emergencies



The implementation of a comprehensive strategy demonstrated rapid response, resource mobilization, and a long-term vision in Colombia and Venezuela.

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The earthquakes that recently struck Venezuela and Colombia presented an exceptional test for institutions tasked with accompanying emergency, recovery, and reconstruction processes in Latin America.

Beyond the magnitude of material damage and human impact, the crisis underscored the importance of agencies capable of acting swiftly, coordinating stakeholders, and translating solidarity into concrete results. In this context, CAF's actions represent an exemplary case of effective, comprehensive intervention.

▲ Within 47 days, two separate earthquakes severely struck Venezuela and Colombia.



A CAF and TECHO Internacional signed an agreement to drive a joint agenda in Venezuela.

What sets CAF's response apart is a strategy covering all recovery stages: Immediate humanitarian relief, essential service rehabilitation, infrastructure reconstruction, productive reactivation, and resilience strengthening against future disasters.

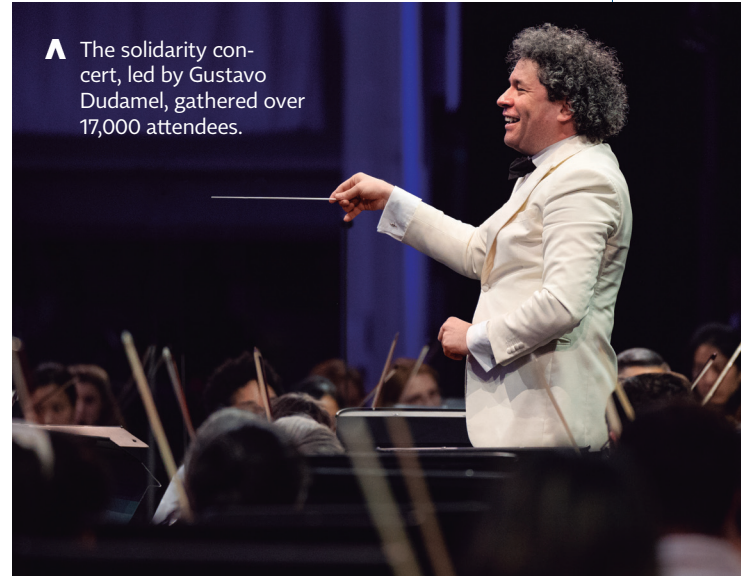
Venezuela: organized reconstruction

Following earthquakes in Venezuela on June 24, 2026, CAF responded immediately with a \$300,000 humanitarian donation. Two days later, it announced the creation of the Fund for the Recovery and Reconstruction of Venezuela, contributing \$1 million as seed capital.

The significance of this decision lies in the fact that it was not limited to a one-off aid package. CAF designed a permanent and transparent mechanism to receive contributions from governments, international organizations, companies, foundations, and citizens, to channel resources toward priorities jointly defined with the Venezuelan government.

The fund promoted by CAF featured resource traceability, independent audits, periodic finan-

“The aftermath of an earthquake is not only material; it also affects the emotional well-being, social inclusion, and future opportunities of communities.”



A The solidarity concert, led by Gustavo Dudamel, gathered over 17,000 attendees.

COHERENT AND EFFECTIVE INTERVENTION

Colombia and Venezuela's experience confirms CAF's role as a key player driving resilient, coordinated, sustainable responses in Latin America and the Caribbean.

In Venezuela, creating a dedicated fund, mobilizing international partnerships, and directly supporting community organizations demonstrate a commitment to rebuilding not only infrastructure but also social fabric and local capacities.

In Colombia, combining humanitarian aid, corporate financing, and major infrastructure credit lines reflects a comprehensive understanding of economic and territorial recovery.



CAF and Banco de Occidente joined forces to support affected businesses in Colombia.

cial reporting, and zero fiduciary administration fees, ensuring that all of the contributions reached recovery and reconstruction efforts.

Additionally, the mechanism's design reflects a deep understanding of post-disaster needs. Phase one covers humanitarian aid and institutional support; phase two focuses on critical sector rehabilitation (health, water, sanitation, energy, education, connectivity); phase three targets livelihood recovery and strengthening of territorial resilience.

This phased approach shows that from the onset, CAF understood that recovery should not be measured solely by physical building reconstruction, but by the ability to restore well-being, productivity, and social cohesion.

Partnerships as impact multipliers

Another element that underscores the comprehensive nature of CAF's efforts in Venezuela is its ability to attract partners and turn solidarity into tangible resources.

One example was an initiative led by conductor Gustavo Dudamel, the United Nations Development Programme, or UNDP, the Los Angeles Philharmonic, and CAF. The benefit concert held at the Hollywood Bowl drew more than 17,000 attendees and helped raise funds for the recovery fund supporting Venezuelan communities affected by the earthquakes.

The relevance of the event transcended culture, demonstrating CAF's role as an international articulator connecting multilateral

bodies, global leaders, cultural institutions, and citizens around a shared humanitarian cause.

The experience confirmed that reconstruction can benefit from innovative resource mobilization mechanisms and from building narratives of solidarity capable of generating support beyond national borders.

This was complemented by an equally significant initiative from within the institution itself. Through CAF Volunteers — and through contributions from staff members, matching contributions from the institution, and additional donations — more than \$272,000 was mobilized for seven Venezuelan social organizations working directly with affected communities. (See the table, "Organizations benefiting in Venezuela.")

The resources were directed toward areas that are essential for comprehensive recovery: Mental health, social assistance, physical rehabilitation, and educational infrastructure. Rather than implementing centralized programs, CAF chose to strengthen organizations with a local presence and proven experience, a decision that maximizes local response capacity and accelerates the delivery of benefits to affected populations.

The selection of organizations specializing in psychological support, care for older adults, popular education, and physical rehabilitation also reflects a broad understanding of the reconstruction process. Quake aftermaths are

Organizations benefiting in Venezuela

1. Dr. Yaso Internacional
2. Instituto Venezolano para el Desarrollo Integral del Niño (Invedin)
3. Las Hermanitas de los Pobres de Maiquetía
4. Hogar Clínica Madre Teresa
5. Fe y Alegría
6. Fundación Hospital Ortopédico Infantil
7. Fundación Caminando Hacia Nuestros Sueños



▲ CAF and BBVA Colombia expanded a credit line with resources directed to earthquake-affected zones.

not only material: They also affect emotional health, social inclusion, and future opportunities for communities.

“Our commitment is to accompany the Venezuelan people throughout the entire recovery and reconstruction path ahead,” stated Sergio Díaz-Granados, executive president of CAF.

Colombia: Immediate aid and economic recovery

In Colombia, where the Aug. 10, 2026, earthquake severely impacted Chocó, Risaralda, Valle del Cauca, and Caldas departments, CAF followed a similar phased intervention approach.

The initial measure was a \$500,000 donation for urgent humanitarian needs via CAF’s Social and Human Development Funds, reinforcing emergency actions during critical moments. This support helped strengthen emergency response efforts at critical moments and confirmed CAF’s ability to respond swiftly to a natural disaster.

However, the most notable element of the Colombian strategy was its emphasis on eco-

“Reconstruction is not only about restoring infrastructure. It also means helping communities regain their opportunities and well-being.”

Sergio Díaz-Granados,
CAF executive president.

nomic and productive recovery. Aware that reconstruction also depends on the ability to generate jobs and income, CAF promoted large-scale financial agreements with national banking institutions.

Together with Banco de Occidente, CAF allocated up to \$50 million to support business recovery in the affected areas. The funds were intended to finance working capital, the replacement of productive assets, the recovery of operational capacity, and the strengthening of supply chains.

The measure has a strategic impact because it recognizes that the survival of businesses is essential to preserving jobs, sustaining consumption, and accelerating regional recovery. Rather than viewing reconstruction as an exclusively public-sector process, CAF incorporated the private sector as a key player in the recovery.

At the same time, CAF expanded a line of credit with BBVA Colombia to up to \$200 million, including specific resources for the reconstruction of infrastructure and essential services. Of that total, \$41 million was allocated directly to post-earthquake reconstruction.

The funds can finance the recovery of roads, bridges, hospitals, schools, drinking water and sanitation systems, energy networks, telecommunications, public transportation, and public buildings, as well as early debris removal and structural stabilization efforts.

Most importantly, CAF did not frame reconstruction as simply a return to the situation that existed before the disaster. The financing facility also continues to support projects related to biodiversity, sustainable agribusiness, agricultural exports, and regional integration, linking immediate recovery with long-term sustainable development goals.

“We stand ready to support the Colombian government in its reconstruction and recovery efforts in the affected areas. I want to thank all the authorities for their leadership and for calling on all of us to work together toward the swift recovery of the affected areas of the country,” said Sergio Díaz-Granados, CAF executive president. ▲



Multilatinas weave the new regional integration

These companies are positioning themselves as bridges capable of connecting markets, suppliers, and consumers across a historically fragmented economic landscape.

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For decades, Latin American and Caribbean (LAC) integration was primarily a state-driven project. Trade agreements, customs unions, and diplomatic mechanisms centered regional strategy. In recent years, however, a phenomenon has quietly transformed the economic landscape: The rise of multilatinas — regionally born companies

expanding operations across national borders, becoming protagonists of regional productive integration.

In a recent CAF blog post, Rebeca Vidal, principal executive of technical and sectoral analysis, notes that these companies are no longer mere beneficiaries of economic openness, but players structuring value chains,



\$2,475 million

Allocated by CAF since 2021 toward financing operations with productive or trade integration components in the region.

driving investment, and promoting knowledge transfer across regional countries.

This phenomenon takes on greater significance considering LAC remains one of the world's least productively integrated regions. While intraregional trade exceeds 50% in Europe and Asia, in Latin America it accounts for less than 15% of total trade. In this context, multilatinas act as bridges connecting markets, suppliers, and consumers in a historically fragmented economic space.

From emerging phenomenon to strategic player

For a long time, the debate over foreign investment in the region focused on the effects of multinational companies from Europe, the United States, or Asia entering Latin American markets. However, outward foreign direct investment — that is, investment made by Latin American companies in other countries — has received far less attention, despite its significant effects on productivity, innovation, and competitiveness.

Recent studies identify nearly 160 publicly listed multilatinas, providing a representative sample of this process of corporate internationalization. The consolidation of these companies took place in the context of the economic reforms, trade liberalization, and globalization that shaped Latin America and the Caribbean (LAC) over recent decades.

Far from representing a harmful relocation of business activity for their countries of origin, evidence suggests that international expansion can generate significant benefits. Companies gain access to new markets, acquire strategic assets, develop more sophisticated organizational capabilities, and strengthen their productivity. In turn, these lessons and capabilities can later be transferred to their home economies through innovation, the creation of skilled jobs, and the expansion of supplier networks.

The geography of multilatinas reflects the weight of Latin America's largest economies. Brazil leads the list of these companies, followed by Mexico, Chile, Argentina, Colombia, and Peru, while other countries account for smaller numbers.

From a sectoral perspective, manufacturing accounts for the largest number of multilatinas. Key industries include pharmaceuticals, steel, metallurgy, cement, and auto parts. The second-largest sector is food and beverages, followed by energy and mining, services, and retail.

Investment, employment, and value chains

A major contribution of multilatinas lies in its capacity for building regional value chains. These companies act as anchors organizing



“77% of multilatina sales are generated within Latin America and the Caribbean, confirming that the region remains the primary expansion field for these companies.” — CAF.

productive ecosystems spanning suppliers, distributors, logistics firms, and tech partners across countries.

According to CAF data, 77% of multilatina sales are generated within Latin America and the Caribbean, confirming the region as the primary expansion field for these companies.

The United Nations Conference on Trade and Development, or UNCTAD, estimates that 62% of greenfield project value by Latin American multinationals stays within the region. These investments include industrial plants, logistics hubs, tech platforms, and new production facilities strengthening ties between neighboring nations.

Results also show in employment. Between 2013 and 2023, multilatinas carried out over 320 greenfield investment projects annually across 220 companies, mobilizing over \$14 billion annually and creating roughly 43,000 jobs per year.

Beyond regional borders

The “VII Global LATAM 2025 Report” by ICEX-Invest in Spain supported by the Ibero-American General Secretariat, or SEGIB, notes that the Top 10 multilatinas generate 73% of revenue in foreign markets and employ 62% of their workforce abroad.

The report also highlights that 44 multilatinas have operational presence in the United States, “confirming the appeal of the world’s largest consumer market.” The report adds that half a dozen firms relocated engineering centers from Silicon Valley to Austin and Phoenix due to costs and proximity to Mexican plants.

The motivations behind internationalization are varied. Seeking new markets remains one of the main drivers. However, companies also seek to improve operational efficiency, access specialized knowledge,



diversify risks, and take advantage of more stable regulatory environments.

Many companies especially value solid legal frameworks, predictable rules, and investment protection in host countries. Legal certainty proves as vital as the potential market size.

Additionally, international expansion yields new technological and organizational capabilities. Research indicates that outward-investing firms may benefit from economies of scale, learn in more demanding markets, and access strategic assets that later strengthen overall competitiveness.

Pending challenges

Despite their growth, multilatinas continue to face hurdles: Regulatory barriers, competitive financing access gaps, infrastructure deficits, and weak institutional coordination to facilitate corporate regional expansion.

For CAF, a modern integration agenda should include more efficient logistics corridors, regional innovation platforms, specialized financing, and programs to strengthen strategic suppliers. Since 2021, the institution has allocated more than \$2.475 million to

▲ Industries such as pharmaceuticals, steel, cement, and auto parts concentrate numerous multilatinas.

operations related to productive and trade integration in the region.

Public policies must act as catalysts, especially for mid-sized firms with international potential. Stable regulatory environments, expansion support programs, and public-private collaboration mechanisms rank among the organization's key recommendations.

The new face of Latin American integration

The history of multilatinas is, to a large extent, the story of a new stage of regional integration. Unlike traditional models based exclusively on government agreements, this process is driven by business activity, productive investment, and the creation of cross-border economic networks.

In a region that continues to seek ways to increase productivity and reduce its dependence on commodities, these companies represent a strategic asset. Multilatinas are vehicles for innovation, channels for technology transfer, and platforms for expansion for thousands of small- and medium-sized enterprises that find in them a pathway to international markets.

For this reason, an increasing number of analysts agree that the future of Latin American integration will depend not only on governments, but also on the ability of multilatinas to continue to build economic bridges among neighboring countries. Rather than simply benefiting from integration, these companies have become one of its key drivers. ▲

CHALLENGES TO CONSOLIDATE INTEGRATION

1. More efficient logistics corridors.
2. Regional innovation platforms.
3. Specialized financing.
4. Programs to strengthen strategic suppliers.

The role the region must play in digital transformation



The international forum “Digitalizing to Transform,” held in Santiago, Chile, provided the ideal platform to define the role Latin America and the Caribbean must play to remain relevant amid the global technological revolution.

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The world is moving forward at an unprecedented pace due to technological change. The phrase may sound like a cliché, but that does not make it any less true. Developments such as artificial intelligence (AI) are advancing by the minute, accelerating the digital transformation of individuals, businesses, and governments.

Against this backdrop, the international forum “Digitalize to Transform: Technology and Innovation for the Development of Latin America and the Caribbean,” led by CAF — the Development Bank of Latin America and the Caribbean — and recently held in Santiago, Chile, provided an ideal setting to examine the role the region should play in the digital transformation.

The event, held with the support of Chile’s Ministry of Science, Technology, Knowledge and Innovation, brought together nearly 250 leaders from across the region, including science and technology ministers, members of Congress, senators, and representatives of companies such as NVIDIA and Millicom, among others. They discussed the role of technology, innovation, and AI in development.

CENTER FOR INNOVATION

In March this year, CAF, — the Development Bank of Latin America and the Caribbean — and the municipality of Vitacura signed a collaboration agreement to develop a joint Entrepreneurship and Innovation Center in Chile.

The project includes the construction of CAF’s new corporate headquarters in Santiago, which will house the Innovation Center. The center aims to become a regional benchmark for incubating and accelerating emerging companies and startups focused on improving the use of public spaces, developing smart cities, and promoting community well-being.

CAF and Co-Develop join forces to support digital transformation in the region. ➤

"No country in Latin America and the Caribbean (LAC) can single-handedly shape the rules defining the future of AI. Decisions on data governance, compute access, standards, employment, and security cannot be made without our region's participation," said Sergio Díaz-Granados, executive president of CAF, during the forum opening.

He offered CAF's experience and articulating capacity to build those bridges, share knowledge, and foster dialogue toward a regional agenda on this key aspect.

"A coordinated region can share capabilities, transform local solutions into regional public goods, and negotiate from a stronger stance," he explained, while inviting the countries of the region to be more active and integrate in their agendas the tech opportunities and risks rather than remaining passive consumers regarding these developments.

Along the same lines, Ximena Lincolao, Chile's Minister of Science, Technology, Knowledge and Innovation, stressed the importance of acting as a bloc to have a meaningful impact on digital transformation. "Our best option is to act as a bloc," Lincolao said, adding: "As a bloc, if we organize ourselves, we can play in the major leagues."

"No country in Latin America and the Caribbean (LAC) can single-handedly shape the rules defining the future of AI. Decisions on data governance, compute access, standards, employment, and security cannot be made without our region's participation,"

Sergio Díaz-Granados, executive president of CAF.



ALLIANCE TO ACCELERATE TRANSFORMATION

As part of the international forum "Digitalize to Transform: Technology and Innovation for the Development of Latin America and the Caribbean," CAF — the Development Bank for Latin America and the Caribbean — and Co-Develop signed a memorandum of understanding to strengthen cooperation and support countries in the region in their digital transformation processes.

Co-Develop is a global philanthropic fund that promotes the large-scale digital transformation of countries through a digital public infrastructure, or DPI, approach. This encompasses reusable and interoperable digital systems and capabilities that enable services to be developed and delivered more efficiently and at greater scale.

The partnership between CAF and Co-Develop seeks to identify and support opportunities to apply the DPI approach in priority sectors for regional development, including agriculture, land registries, health care, social protection, and climate resilience, among others.

FINANCING FOR CHILE

During his visit to Chile to participate in the international forum “Digitalize to Transform,” Sergio Díaz-Granados, Executive President of CAF — the Development Bank for Latin America and the Caribbean — met with Chilean President José Antonio Kast.

Following the meeting, CAF announced that it will make \$6 billion in financing available to Chile over the next four years, with the aim of supporting the government’s priorities and promoting private investment to boost productivity and employment.

“Chile has an opportunity to accelerate investment and generate new sources of growth and employment. CAF will support this process not only with financial resources, but also by structuring projects and mobilizing private capital toward strategic sectors of the country,” said Sergio Díaz-Granados.

The agenda includes CAF’s support in four priority areas: housing and employment, infrastructure, water, and security.

\$12,000 million

Will be allocated by CAF over the next five years to finance initiatives with significant digital transformation components.

Resources to transform

In addition to proposing the role that LAC should play in adopting new technologies, it is essential to have the resources needed to make this digital transformation a reality rather than allowing it to remain merely a statement of intent.

To that end, CAF announced during the forum that over the next five years it will double the amount of financing allocated to initiatives and projects with significant digital transformation components, bringing the total to more than \$12 billion.

Díaz-Granados added that CAF will work with financial partners, as well as other private-sector stakeholders, to mobilize additional resources commensurate with the scale of the challenge posed by the rapid and relentless advance of technology.

The agenda through 2031 focuses on three main areas: Strengthening public-sector capabilities to use AI safely, responsibly and effectively; financing connectivity, data centers, processing infrastructure, cybersecurity and other critical enablers; and supporting the transformation of productive activities, particularly among micro-, small-, and medium-sized enterprises, so that AI adoption translates into innovation, improved processes, and quality jobs.

It is clear that LAC must be part of the digital transformation if it does not want to miss a train moving at high speed. And to achieve this, an old adage remains relevant despite technological advances: “Unity is strength”. ▲



Road map for putting technology on the agenda

How to prepare students to thrive in a digital society through self-assessment and public policy strengthening for computer science education in compulsory schooling.

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The “Guide for the Inclusion of Computer Science (CS) in Schools” is based on a key distinction: Computer literacy is not the same as digital literacy. ➤

At least in the current evolution of education in El Salvador, numbers are worth more than a thousand words. The most recent assessment of PISA for Schools 2026 — conducted in 171 educational institutions across the country — shows that, on average, students achieved 494 points in reading, 33 points above the average of the Organisation for Economic Co-operation and Development, or OECD. In mathematics and science, they achieved 417 and 454 points, respectively, which, compared with last year, represents an increase of 71 points in mathematics and 69 points in science.

According to Miriam Preckler, director of education at CAF — the Development Bank for Latin America and the Caribbean — these encouraging figures are a reflection of one of the “most interesting educational transformation processes currently taking place worldwide, not only because of the scale of its reach, but also because it demonstrates that technology can become a powerful tool for improving learning when it is integrated into a systemic strategy for strengthening institutions.”

At the heart of this transformation, the education expert noted in a column published on Sept. 8, is Artificial Intelligence (AI) as a driver of educational modernization: An intelligent architecture for management, analysis and support that makes it possible to articulate five fundamental dimensions for improving the system: quality, learning, assessment, school management, and tutoring and training.

The Salvadoran experience is also a sign of the direction in which education on the continent should move in order to improve the quality of learning in a context marked by deep inequalities, acceler-



THE GUIDE: STRUCTURE AND OBJECTIVES

The guide comprises three elements:

- ▶ **Conceptual report:** Establishes theoretical framework and key dimensions.
- ▶ **Digital self-diagnostic tool:** Enables governments to evaluate their policy maturity.
- ▶ **Webinar:** Regional training and discussion space..

Its purpose is to provide a regional overview and place Latin America and the Caribbean in the global context of teaching computer science in the classroom.

ated technological changes, and new skills requirements for functioning in increasingly knowledge-based economies.

The accelerated technological transformation of the 21st century, marked by AI, automation and computational thinking, has placed the education systems of Latin America and the Caribbean before a structural challenge: Preparing new generations to navigate a digital society. In this context, CAF developed the “Guide for the Inclusion of Computer Science (CS) in Schools,” a document that seeks to guide governments in designing, evaluating, and strengthening public policies that incorporate this knowledge into compulsory education.

Through an analysis of key dimensions, such as institutional planning, the curriculum, initial and continuing teacher training, and infrastructure, a report titled “Future in Code: Integrating Computer Science in the Classroom,” prepared by the Sadosky Foundation in partnership with CAF, proposes a road map for national and subnational governments to achieve higher levels of maturity in implementing this knowledge. With this resource, CAF seeks to provide strategic recommendations that contribute to closing equity gaps and preparing new generations for the challenges of the digital economy.

For CAF, computer literacy is as essential as traditional reading and writing, and its absence can deepen inequality gaps.



Comprehensive conceptual framework

According to the report, the guide is based on a key distinction: computer literacy is not the same as digital literacy. While the latter is limited to the instrumental use of devices and software, the former involves understanding how technologies work, how they are built, and how they can be transformed to solve problems. “Understanding computer technology means making it an object of study in its own right, allowing citizens to appropriate it, value it, understand it and transform it,” the report states.

The guide is based on a conceptual framework structured around six dimensions: institutional planning, target population, initial teacher training, continuing teacher training, curriculum, and infrastructure. Each of these makes it possible to assess the degree of maturity of education policies and offers alternatives for progressing in a gradual and sustained manner.

From this perspective, the guide devotes a special section to AI, whose emergence in everyday life makes it even more urgent to incorporate CS into schools. The CAF and the Foundation document warns that it is not enough to teach students how to query AI systems: It is necessary to understand how they work, how they are developed, who benefits from them, and what risks they entail. The guide proposes that schools become spaces where students learn to use and create AI from a critical and ethical perspective, addressing issues such as algorithmic bias, privacy, and the mass collection of data.

According to the document prepared by the Sadosky Foundation, “it is necessary to incorporate AI into schools and to do so from a critical and ethical perspective (both to use it and to create it), and this is not possible without understanding how AI-based applications and devices work and how they have been developed. This requires specific knowledge related to data, machine learning and AI techniques, which cannot be addressed without a deep understanding of how computers are built and programmed. Moreover, understanding these new phenomena that emerge

PILOT EXPERIENCES AND REFERENCE CASES

CAF extends beyond theory. In Argentina, for instance, it supported Mobile Digital Classrooms in the Jujuy province, distributing devices and training teachers in pedagogical tech use. In Mendoza, also in Argentina, CAF backed an AI-based early warning system to detect drop-out risks.

Additionally, since 2015, it has accompanied Argentina’s Program.AR initiative, which develops teaching materials, programming platforms, and technical advice for governments.



▲ According to the guide, “it is necessary to incorporate AI into schools and do so from a critical and ethical perspective.”

from the deployment of AI (for example, how data can be collected without notice from the other side of the world or how billions of them can be processed in parallel) involves knowledge from the broad spectrum that makes up computer science.”

Digital tool and self-assessment

One of the guide’s most innovative contributions is the creation of a digital self-assessment tool. It is a two-way matrix that allows national and subnational governments to assess their level of development in the inclusion of computer science, receive automatic feedback, and access strategic recommendations tailored to their context. This comprehensive approach promotes not only an assessment of what has been done, but also the identification of the specific challenges that need to be addressed.

This tool — which includes both an accurate diagnosis of the situation and road maps tailored to each context, thus providing an invaluable guide for educational transformation toward a more equitable and inclusive digital era — was developed by CAF in 2022. The assessment is based on the collection of key information on various dimensions of the education process, drawing on research documents, specialized websites and interviews with experts in the field.

That year, the tool analyzed dimensions such as national programs or public policies for the inclusion of technology in education systems; connectivity; access to devices and cloud-based content; professional development for teachers and school administrators; protection of children’s data; security and education information systems; and their ability to integrate technologies and platforms efficiently and accessibly.

As a first step, 10 cases were identified involving countries that, over the past 30 years, have implemented educational programs for teaching computer science, computer skills, or computational thinking at some level of the compulsory education system. As part of this assessment, the following were identified for each country: The specific definition of the program, its main objectives, teaching approach, scope within the education system, implementation context, initial motivation, and public policy instruments, such as the curriculum, teacher training, assessment, and the program’s transformation over time.

A call to action

The “Guide for the Inclusion of Computer Science in Schools” represents a milestone in the regional education agenda, as it provides a common framework for analysis and action, recognizes the diversity of institutional and cultural conditions across countries, and promotes regional cooperation. For CAF, computer literacy is as essential as traditional reading and writing, and its absence can deepen inequality gaps.

“The digital transformation of education systems represents one of the major challenges facing Latin America and the Caribbean today. This resource is key to strengthening regional cooperation, designing financing and technical assistance strategies, and promoting more effective, equitable, and sustainable policies,” the document concludes, offering governments a road map to ensure that the inclusion of computer science in schools ceases to be an aspiration and becomes a concrete public policy capable of preparing new generations for the challenges of the digital economy and the knowledge society. ▲

In search of lost equity

Thanks to the Gender Public Expenditure and Financial Accountability (PEFA) methodology, local governments can find ways to finance a more equal future in Latin America and the Caribbean.

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On Sept. 12, local media in the city of Chihuahua, Mexico, reported a historic development on their front pages: The municipality became the first in the country to complete a Gender Public Expenditure and Financial Accountability (PEFA) assessment, a milestone that strengthens transparency, accountability, and public resource management, but above all, aims to finance a more equal future.

Developed with technical support from CAF — the Development Bank for Latin America and the Caribbean — the Gender PEFA assessment makes it possible to determine how a gender perspective is incorporated into the planning, allocation, execution, monitoring, and accountability of the local budget.

According to the EVyN Chihuahua website, “the PEFA Secretariat confirmed that the process complied with the established methodology and standards, and therefore awarded the municipality the corresponding PEFA Check.” In this way, the assessment will make it possible to link resources allocated to actions such as preventing violence against women and promoting their economic autonomy with specific targets and indicators to measure their results and identify areas for improvement.



Financing a more equal future is the objective of the tool that has placed Chihuahua at the forefront of the search for lost equity, particularly in Latin America and the Caribbean (LAC), where gender gaps persist in areas such as employment, caregiving, security, mobility, and economic autonomy. Incorporating a gender perspective into budget decisions is therefore essential to turning equality commitments into effective policies.

In an article published on CAF's blog, Bárbara Auricchio, Verónica Rodolfo Borunda, and Alejandra Irais López note that “integrating the gender perspective into planning, budgeting,



A The implementation of the Gender PEFA methodology in Chihuahua was presented last September.

implementation, and accountability makes it possible to better target public resources to help close gaps.”

According to the authors, the international Gender PEFA methodology assesses the extent to which public financial management systems incorporate a gender perspective throughout the budget cycle. It also makes it possible to translate that commitment into public financial management and analyze the extent to which the planning, allocation, and execution of resources, as well as the monitoring of results, contribute to putting it into practice.

According to the authors, incorporating a gender perspective into the budget does not simply mean identifying how much money is allocated to programs aimed at women. “It means analyzing how decisions regarding public resources can respond to differentiated needs and help reduce inequalities,” they explain.

The results of Gender PEFA make it possible to identify where processes, information, and institutional capacities can be strengthened. This can lead to better decisions about where to intervene, how to direct resources, and how to assess whether policies and programs are generating the expected results for women and men.

In the case of Chihuahua, the implementation of Gender PEFA is part of a trajectory pursued by the municipal government to strengthen its public financial management through internationally recognized standards.

In 2022, the municipality had already assessed its financial management through PEFA and Climate PEFA. With Gender PEFA, it completes a cycle of assessments that makes it possible to analyze its public finances from three complementary dimensions: institutional performance, climate sustainability and gender equality.

In addition, the 2024–2027 Municipal Development Plan incorporates “Gender Equity and

The Gender PEFA assessment makes it possible to determine how a gender perspective is incorporated into the planning, allocation, execution, monitoring, and accountability of the local budget.



Family” as a cross-cutting priority. “Gender PEFA makes it easier to translate that commitment into public financial management and to analyze the extent to which planning, resource allocation and execution, and the monitoring of results contribute to putting it into practice,” the authors state in the blog.

“The Gender PEFA assessment, promoted by the Directorate of Government Planning and Innovation, or DPIG, thus seeks to go beyond diagnosis: Identifying strengths and gaps in order to guide concrete institutional strengthening actions,” they add.

More informed decisions

According to the experts, in the medium and long term, these improvements will enable the municipality of Chihuahua to promote a resource allocation process that is more responsive to existing gender gaps, better-designed interventions, and stronger monitoring and evaluation mechanisms.

“The experience also shows the role that local governments can play: Adopting international

standards, identifying opportunities for improvement, and using evidence to guide decisions that respond to the needs of their territories,” they note. “For CAF, supporting this process means contributing to a new generation of public finances: More innovative and inclusive, and capable of turning equality commitments into concrete decisions regarding public resources,” they say.

The experience of Chihuahua ultimately shows that incorporating a gender perspective into the budget is not simply about changing the way resources are managed, but about using them more effectively to close gaps and turn equality into concrete results for women.

How to apply PEFA

PEFA is a strategic partnership between the European Commission, the International Monetary Fund, or IMF, the World Bank, and the governments of France, Luxembourg, Norway, the United Kingdom, the Slovak Republic, and Switzerland. It provides a framework for assessing and reporting on the strengths and weaknesses of Public Financial Management (PFM) through quantitative indicators that make it possible to measure performance.

The tool is designed to provide a diagnosis using a methodology that can be replicated in successive assessments, making it possible to track changes over time. Its measurement is evidence-based and relies on a comparison of 31 performance indicators.

The complementary framework for assessing public financial management from a gender perspective facilitates the collection of information to assess the extent to which countries respond to the different needs of men and women, as well as subgroups within these categories. Gender PEFA comprises nine indicators distributed throughout the budget cycle and can be applied at both the national and subnational levels.

In March this year, the World Bank blog (blogs.worldbank.org) reported that, since 2020, 32 national and subnational governments have applied the Public Expenditure and Financial Accountability (PEFA) Gender Framework, creating the first global dataset on how public financial management systems address gender issues. “The results show progress and greater commitment, but they also highlight the gaps that remain in achieving gender equality outcomes,” it explains.

“Incorporating a gender perspective into the budget makes it possible to understand how to use resources more effectively and turn equality into concrete results for women.”

These 32 assessments provide a baseline for understanding where PFM systems stand today, identifying gaps, and determining how governments could become more gender-responsive. “PEFA establishes good gender practices and fosters dialogue among finance ministries, agencies, and development partners,” it adds.

According to the blog, in general, most governments are still at the beginning of this process. Only a few have incorporated gender requirements into core public financial management tools, such as budget circulars or annual reporting frameworks. It also highlights, for example, that fewer than half of the countries in the Organisation for Economic Co-operation and Development, or OECD, routinely conduct gender impact assessments before launching new policies. “IMF reviews of G20 economies find advanced gender practices in only a few countries, such as Canada, Austria, France, and Japan,” it warns.

It concludes that, despite the gaps, there are signs of real progress: Nine countries now include gender requirements in their budget call circulars. Although such circulars do not guarantee implementation, they lay the groundwork for ministries to begin considering gender in budget planning. ▲

▼ Gender gaps persist in employment, security, and economic autonomy across Latin America.



A SUCCESSFUL PRECEDENT

In the Philippines, incorporating a gender perspective into the budget preparation process began in 1995.

The main driver of the reform process was the Philippine Commission on Women. Its main feature is the requirement that all government agencies allocate at least 5% of their budgets to addressing gender-related issues, with the intention that this 5% influence the remaining 95%. This effort is known as “budget for gender and development.”

According to the PEFA Report for the Philippines and the National Economic and Development Authority of the Republic of the Philippines, although this approach has been successful and has enabled the integration of a gender perspective throughout the budget preparation process, it has also encountered difficulties. “In particular, it leads government agencies to focus on the 5% of the budget and frequently neglect the remaining 95%, which may end up being ‘gender-blind,’” the report notes.

Acupuncture for water

Transforming public spaces into green infrastructure to address water stress, flooding, and the effects of climate change is the goal of the innovative “hydro-urban acupuncture” project that is transforming Xochimilco, Mexico.

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Morning breaks in San Gregorio Atlapulco with the reflection of water shimmering across the courts and pathways of its Sports and Cultural Center. There, where the landscape once seemed fragmented by urban growth and water-related problems, a space is now being envisioned that can reconnect the community with its natural surroundings. All of this is thanks to a project that is part of the Xochimilco Sub-basin Hydroparks System, a strategy that seeks to transform public spaces into green infrastructure to address water stress, flooding and the effects of climate change.

San Gregorio Atlapulco is one of the Indigenous communities in the Xochimilco borough of Mexico City. The word “atlapulco” means “where the water flutters,” and for this reason — and thanks to the hydroparks project — this vital resource is no longer seen as a threat or an invisible resource.

The goal is to integrate water into the landscape through nature-based solutions capable of



infiltrating rainwater, strengthening biodiversity and providing gathering spaces for residents.

Among children at play, athletes making their way along the paths, and neighbors rediscovering the value of wetlands, the hydropark is emerging as a kind of urban acupuncture: A targeted intervention with a broad impact. More than a physical project, it represents a new relationship between the city, water and the community.

In the heart of Xochimilco, every drop of water recovered also becomes an opportunity to build a more resilient and sustainable future. This is the goal of the “Cities that care for water” series, which promotes the integration of urban development, climate action, water security, and biodiversity through nature-based solutions. The studies were developed with



A The Hydroparks System seeks to transform public spaces into green infrastructure to address water stress.

technical and financial support from CAF — the Development Bank for Latin America and the Caribbean — through its Mexico office since 2018, and adapted as open-access publications because of their technical and methodological value.

It all began back in 1972, following the first Earth Summit in Stockholm, Sweden, when the concept of so-called Water Parks or Hydroparks Systems emerged. These spaces are designed to capture and absorb rainwater, ease pressure on sewage systems, and improve the quality of filtered water. They also provide significant benefits to the urban landscape by promoting biodiversity conservation and creating recreational areas that have a positive impact on the social and cultural aspects of the community.



A The Initiative: A Hydroparks System for the Xochimilco sub-basin.



A CAF supports environmentally committed initiatives.

In line with these efforts, CAF seeks to establish itself as the region's "green bank," by supporting its member countries in meeting their environmental and climate commitments. By supporting innovative initiatives such as this one that promote nature-based solutions and the sustainable use of natural resources, the institution contributes to building more resilient and sustainable cities.

Green transformations

Thanks to research conducted by the multidisciplinary team Taller Capital + Manuel Perló from November 2018 to June 2019, CAF presented the concept of regenerating the San Gregorio Atlapulco Sports and Cultural Center as a landscape infrastructure in the form of "hydro-urban acupuncture," to create a Hydroparks System for the Xochimilco sub-basin. This conceptualization has been a fundamental input for decision-making and brings together the analytical elements underpinning a sound, practical, targeted and viable conceptual proposal.

CAF supported these studies through financing and technical assistance for their development between 2018 and 2019. Then, in November



▲ Addressing water stress in cities requires innovative projects.

2024, it was decided to turn the report into a publication available to a broader audience while retaining its original content.

It was there that the concept of “hydro-urban acupuncture” was coined, through which there is transformation of abandoned and/or underutilized public spaces into landscape infrastructure or green infrastructure capable of assisting in water resource management, especially when traditional systems are under stress. This does not overlook the enormous potential of public space to transform urban life, while also serving as a framework and foundation for the presence of water, not as an ornamental element, but as a catalyst for its availability throughout the year.

The “Cities that care for water” series — which highlights the importance of the Hydroparks System for the Xochimilco sub-basin in Mexico’s capital — focuses first on the San Gregorio Atlapulco Sports and Cultural Center project, which was chosen as the intervention area because of its continued importance as the last remaining vestige of the city’s landscape and cultural heritage. With this in mind, research is compiled on the site’s natural characteristics: topography, hydrology, infrastructure, precipitation, climate, solar exposure, geology, soil science, soil fractures, protected natural areas, and land use. In ad-

WATER GUARDIANS

The “Cities that care for water” series includes three spaces that will revolutionize the way this vital resource is protected in Xochimilco, Mexico City: the San Gregorio Atlapulco Sports and Cultural Center, Canal Nacional Sports Center, and Solidaridad Rain Park.

1. The transformation of the San Gregorio Atlapulco Sports and Cultural Center will mean reclaiming a place of great environmental, historical, traditional, and cultural importance to Mexico City. It will serve as a benchmark for good environmental practices and open the door to a conversation about possible futures for this major metropolis, where any intervention should directly benefit its immediate surroundings and, indirectly, the city as a whole.
2. If implemented, the Canal Nacional Sports Center will establish a new paradigm for the treatment of open spaces in the Metropolitan Area of the Valley of Mexico, as it is a compelling example of the type of projects that help mitigate the water-related challenges facing the Basin of Mexico.
3. In terms of climate change adaptation, the benefit offered by the Solidaridad Rain Park is twofold. On the one hand, it will provide the local area and its residents with soft infrastructure capable of adapting to the variability in precipitation caused by climate change, whose effects include an increase in the frequency of torrential rains that cause flooding. On the other hand, it will provide potable-quality water resources that are not dependent on external supply sources such as the Cutzamala System, whose water availability is expected to decline by between 10% and 17% due to rising temperatures over the next 20 years.



More trees for the Solidaridad Rain Park.

dition, a section has been included detailing water governance in Mexico City, proposing a lens through which it will be easier to understand the subsequent analyses and proposals.

As described throughout the document, San Gregorio preserves one of the last remaining vestiges of chinampa agriculture in the Valley of Mexico Basin and is one of the areas that has best preserved its traditions and practices in the region. “For this reason, the proposed intervention must go beyond merely making reference to the chinampa and become an example of repositioning it, not only as a way of safeguarding the culture, but also as a means of revitalizing the local economy,” the text explains.

The “Cities that care for water” series includes a second key space for the Mexican capital: the Canal Nacional Sports Center, an area in southern Mexico City with significant historical value for understanding the functioning of an original water-management system that once existed there. For this reason, the project proposes promoting water culture (in its broadest sense) as an element that connects an urban and a natural area.

“The Canal Nacional Sports Center must be a fundamental component in the comprehensive restoration of Canal Nacional. To a large extent, this is because it is the bridge between the metropolitan area’s urban and natural zones, and also because it should become a visible part of Mexico City that breaks with the current perception of it as a marginal

The concept of “hydro-urban acupuncture” proposes projects that transform public spaces into green infrastructure capable of helping manage water in cities.

space, neglected by the authorities and unsafe for users,” the document states.

Finally, the series also proposes intervening in a third space: The Solidaridad Rain Park, located in the Tláhuac borough, in an urbanized strip between the Sierra de Santa Catarina and the Xochimilco wetlands, where it sits on the bed of the former lake of the same name. This body of water ceased to exist beginning in the 19th century, when the lake area rapidly shrank following the draining of Lake Chalco, giving rise to a territory with soft, muddy soil.

There, the urban acupuncture strategy at Solidaridad Rain Park would restore an area that, according to the study, has the potential to provide up to 8,500 portions of a minimum amount of potable water (20 liters) in an emergency, thanks to the capacity of its storage tank/cistern to hold 170 cubic meters of water.

“This is particularly important given the complex situation faced by the local area following the Sept. 19, 2017, earthquake, which caused interruptions to the water supply due to damage to the primary and secondary networks, as well as difficulties in accessing the area with water tankers because of severe damage to the roads, and in light of the major water supply cuts caused by repairs to the networks of the main supply system.”

“Likewise,” the study states, “the proposed hydropark constitutes a revitalization project for Solidaridad Rain Park, thanks to the planting of 70 to 100 new trees and the construction of 10,800 square meters of recreational and sports facilities, while maintaining those facilities that allow existing sports activities to continue and adding others that promote sustainable agriculture through urban gardens, a culture of rainwater harvesting, and various community workshops.”

San Gregorio Atlapulco Sports and Cultural Center, Canal Nacional Sports Center, Solidaridad Rain Park: Three aspirations seeking to protect water ... naturally.

The data that schools need

CAF warns that a sound educational infrastructure policy requires something first: reliable information. Without it, it is difficult to determine where needs are greatest and direct resources toward the investments each territory actually requires.

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On June 8, CAF published a self-assessment tool to evaluate information systems on educational infrastructure in Latin America and the Caribbean. Developed with Technopolis S.A., a firm dedicated to research and innovation, the proposal starts from an uncomfortable reality: Governments may know how much they spend on schools and how many projects they contract, but they do not always have enough information to know what they have, what condition it is in, and what each territory needs.

The issue may seem technical until it is viewed from a budgetary perspective. A decision on infrastructure begins long before a project is designed. It depends on knowing how many students there are, where they are located, what capacity exists, and what condition each building is in. When this information is lacking, the problem is not merely statistical and can ultimately lead to a poor investment decision.

The CAF document — titled “Self-Assessment Tool for Educational Infrastructure” — brings together good practices identified in specialized documents and interviews with seven experts. Its tool contains 45 variables and 211 questions, organized into three dimensions: The structural conditions of the systems, the flow of information, and the characteristics of the data. The proposal allows authorities to assess their own capacities and determine where they need to improve.

A school is not completed when it opens

A school building has a much longer life than any administration. Over the years, it may undergo expansions, repairs, and changes to its facilities. If this history is not recorded, the state loses the institutional memory of an asset that will continue serving the community long after its officials have changed.

CAF proposes that this record include information on the dimensions of spaces, public utilities, habitability conditions, accessibility, and the condition of materials. It also proposes documenting previous interventions, including their date, scope, cost, and responsible party.

Maintenance plays an important role in this approach. Existing infrastructure is an asset that must be preserved, but maintenance needs often compete with new projects that attract greater visibility. A system that makes it possible to monitor deterioration and anticipate interventions can prevent repairs from being delayed until the problem already requires a major construction project.

The territory also speaks

A school cannot be analyzed separately from the place where it is located. Educational demand changes with urban growth, rural dispersion, and population movements. For this reason, CAF proposes linking data on educational facilities with information on public transportation, road safety, and nearby services and facilities.

Peru offers one of the most comprehensive examples in the document. In 2013, it conducted an Educational Infrastructure Census covering all 24 departments of the country and Callao. The survey recorded 49,516 educational facilities, 41,256 of them rural and 8,260 urban.

“A school cannot be analyzed separately from the place where it is located. Educational demand changes with urban growth, rural dispersion, and population movements.”

20 YEARS OF INFORMATION

In Peru, the School Facility Code began to be used in 2004 and is updated every year. Its coverage includes public and private educational institutions, as well as nonschool-based programs. More than the age of the registry, this fact highlights the importance of maintaining a consistent identification system for each facility so that information can retain continuity and usefulness over time.



➤ Educational infrastructure is key to ensuring optimal learning and teaching.

It included information on climate, terrain, utilities, construction projects, geographic location, building distribution, and technical assessments.

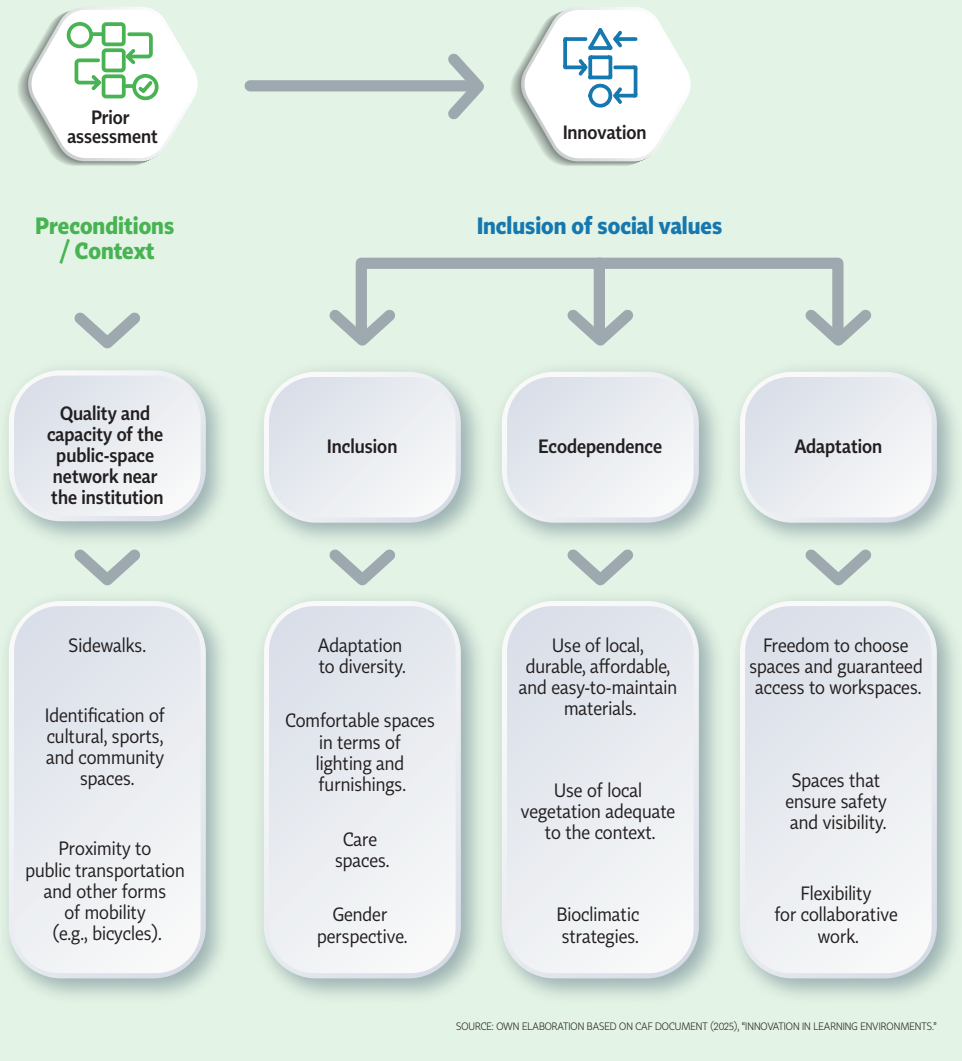
The effort made it possible to build a database for investment planning. But the case also revealed another problem: The country had different information tools related to infrastructure, including the Padrón de Locales Escolares, Margesi, and Wasichay. According to CAF, these systems operated in a fragmented manner. The challenge was not simply to collect more information, but to ensure that it could be linked.

A school's capacity also depends on more than the number of classrooms. Enrollment, educational levels, shifts, and available spaces all matter.

With this information, it is possible to determine that a shortage of school places can have different solutions: an expansion, a redistribution of students, or the construction of a new school.

KEY ELEMENTS IN THE INNOVATION PROCESS OF LEARNING ENVIRONMENTS

Design aspects that influence learning and its innovation



“A school building has a much longer lifespan than any administration. Over the years, it may undergo expansions, repairs, and changes to its facilities.”

When the system exists but does not work

Uruguay offers a different lesson. There, a system is in place to record emergencies in educational buildings. Problems can be reported through an 0800 helpline, classified according to priority, and tracked until they are resolved. The system makes it possible to identify pending cases, response times, and recurring problems.

However, 10 years after it was introduced, 30% of the directors and principals of educational institutions were unaware of the mechanism. The figure reveals a difficulty that no software program can solve on its own. An information system only fulfills its purpose when the people who are expected to use it incorporate it into their work.

The document also examines the experience of OpenEMIS, an open-source education-

al information platform promoted by UNESCO. Used in more than 15 countries, the system has an infrastructure module and can operate both online and offline. Its experience leads CAF to a relevant conclusion: The main obstacles are not necessarily technological.

Difficulties may stem from the absence of clear policies, inadequate management systems, or a lack of trained personnel. The problem then takes on a different nature: It is no longer a matter of buying a platform, but of building the institutional conditions that allow information to remain consistent and useful over time.

Colombia appears in the document with an equally revealing observation. More than 15 years after the implementation of the Integrated Enrollment System, or SIMAT, it was still under development. The reference shows that public information systems require updating and designated personnel responsible for them, because the data they seek to describe also change.

Before laying the first stone

CAF identifies seven possible uses for information on educational infrastructure. It can be used to plan new construction, expand or improve existing facilities, organize preventive maintenance, and respond to emergencies. It can also help manage school capacity, connect educational institutions with the community, and facilitate access to information for research and transparency.

The discussion ultimately brings the budget into a different perspective. This approach also makes it possible to better prioritize needs and prevent an urgent project from overshadowing less visible requirements. It is not only a matter of how much money is available for construc-



tion. The quality of the information used to decide where to spend it matters just as much. A project may be necessary and well executed, but that does not mean it was the priority intervention for that particular territory.

CAF's publication raises this question without creating a false choice between information and infrastructure. Schools are built with public resources. But the decision to build them requires something less visible: Evidence capable of explaining where the needs are and what response is appropriate in each case.

Perhaps that is why the most difficult deficit to see is not the missing school, but the lack of information that makes it impossible to know precisely why it is missing.

When that information is available, the budget can look beyond the visible construction project and address the problem that actually exists. And that difference, although it may not appear in a photograph of a grand opening, can be decisive for the quality of educational investment. ▲



Educational infrastructure information can help manage school capacity.

BARBADOS, THE REGION'S ONLY CASE

At the time of CAF's study, Barbados was the only country in Latin America and the Caribbean that had implemented OpenEMIS, the open-source platform promoted by UNESCO. It was already being used there to manage information on students and teachers, but its specific module for educational infrastructure had not yet been incorporated. The contrast highlights the gap between having a tool available and extending its use to the physical management of schools.

An ocean of possibilities for the region

A report led by CAF on the Sustainable Blue Economy in Latin America and the Caribbean highlights the opportunities, risks, and challenges of sustainable growth in the region's marine and coastal areas.

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Half of Latin America and the Caribbean's (LAC) territory is made up of vast expanses of blue that contain around 40% of the world's biodiversity. Coastal areas are home to some 175 million people in the region, equivalent to 27% of its population, who depend on food produced by the seas, as well as on tourism and ports that connect the region to global trade.

These figures show a deep relationship between the regional economy and its oceans. However, these bodies of water also face enormous threats such as global warming, pollution, and ecosystem degradation.

In the words of the United Nations Environment Programme, or UNEP: "The rapid and unsustainable growth of ocean-related sectors is creating environmental risks, eroding the ocean resource base, and generating regulatory, market, reputational and physical risks for companies, financial institutions and their clients."

This is why promoting a sustainable blue economy is so important. Essentially, it means ensuring that economic activities linked to the oceans and their coasts are carried out according to criteria of environmental sustainability, social inclusion, and territorial equity.

To identify Latin America and the Caribbean's starting point for embarking on this transition, CAF — the Development Bank for Latin America and the Caribbean —, in partnership with the World Economic Forum, or WEF, and the World Resources Institute, or WRI, produced the "Regional Report on the Sustainable Blue Economy in Latin America and the Caribbean."

The report examines the state of national and regional institutions, together with environmental and economic regulations, in sectors associated with the region's blue economy. It also reviews the progress of different economic sectors — with a primary focus on tourism, port activity, fishing, aquaculture, renewable energy, and the bioeconomy — as well as the implementation of financing mechanisms such as blue bonds and payments for ecosystem services.

Beyond mapping the current situation, the report outlines a series of opportunities for the region to leverage its development through new industries, such as offshore wind energy and biotechnology, and to promote regional cooperation,

PROTECTED MARINE AREAS (MPAs) IN MESOAMERICA AND SOUTH AMERICA		
COUNTRY	MPA COVERAGE (%)	ESTIMATED PROTECTED MARINE AREAS
Mexico	23,8 %	649.587 km ²
Costa Rica	31 %	≈160.000 km ²
Panama	≈30 %	≈98.000 km ²
Colombia	≈30 %	≈23 million ha
Ecuador	19,3 % (2022)	19,3 million ha
Peru	≈8 %	No recent official data
Venezuela	4,35 % (2021)	No official figures
Chile	42 % (2025)	~1,3 million ha coastal-marine >1,4 million km ² ocean parks
Brazil	26 % (2024)	~960.000 km ²
Argentina	12 % (2024)	~170.000 km ²
Uruguay	0,7 % (2022)	~3.436 km ²

SOURCE: REGIONAL REPORT ON SUSTAINABLE BLUE ECONOMY IN LATIN AMERICA AND THE CARIBBEAN

recognizing that neither biodiversity nor climate change respects borders.

Different paces, common problems

In 2022, following the United Nations Conference on Biological Diversity, or COP15, the United Nations, or U.N., member states — with the exception of the United States — committed to effectively protecting and managing 30% of their land and marine areas through the creation of protected natural areas and conservation measures in those territories. It could be said that achieving this target is the foundation for making a sustainable blue economy a reality, since preventing the degradation of these areas is essential for ensuring that future generations can continue to benefit from the services and goods they provide.

At the regional level, progress toward this protection target varies: Countries such as Chile, Costa Rica, and Colombia have already surpassed the target, while others, such as Brazil, Ecuador, and Mexico, have protection levels of around 20%. In the Caribbean islands, and in Guyana and Suriname, protected areas cover less than 8% of the territory on average, and in countries such as Venezuela and Uruguay, the figure is below 5%.



“The sustainable blue economy seeks to ensure that economic activities linked to the oceans and their coastal areas are carried out based on principles of environmental sustainability, social inclusion, and territorial equity.”

According to the report, promoting the development of these areas and ensuring that states control and protect these reserve zones “defines areas of effective sovereignty, creates opportunities for climate financing, and strengthens international positioning in negotiations on marine biodiversity.”

A common problem that hinders the effective management of these areas is that the institutions responsible for monitoring and regulating companies and communities that use their resources are not always coordinated or engaged in effective dialogue, and may even have conflicting mandates. Some countries have established interministerial committees or specialized technical units to coordinate policies related to the sustainable blue economy, bringing together sectors such as the environment, fisheries, tourism, energy, and science.

Others have gone further. Mexico and Chile, for example, were the first countries in the region to formalize their Sustainable Ocean Plans. In Mexico’s case, the plan is aligned with its National Marine Biodiversity Strategy, while Chile has set the ambitious goal of achieving sustainable management of 100% of its maritime territory by 2030. These strategies are comprehensive road maps that bring together existing policies and projects with new sustainability initiatives.

THE BLUE GDP

There is no consolidated figure for the contribution of activities that depend on the ocean and marine coasts of Latin America and the Caribbean. In fact, this is one of the issues identified in the report: The lack of an integrated marine information system that would make it possible not only to quantify the contribution of the sustainable blue economy to regional gross domestic product, or GDP, but also its ecosystem contribution.

In Brazil, where progress has been made in measuring this contribution, the government estimates that 19% of the country’s regional GDP depends on its coastal areas.

Other figures illustrate the scale of the blue economy in the region. For example, sectors such as tourism — according to figures from the World Travel & Tourism Council for 2024 — generated \$714 billion in 2014, representing 10% of regional GDP.

When the contributions of the logistics, fisheries, and energy sectors are added, the estimate could increase substantially.

OFFSHORE WIND POTENTIAL IN LATIN AMERICA AND THE CARIBBEAN

COUNTRY	ESTIMATED TECHNICAL POTENTIAL / OFFICIAL STUDIES (GW)	TOTAL ELECTRICITY DEMAND (GWH / YEAR)
Mexico	1,600 (ZEE)	340.000 (2020–2022)
Costa Rica	14,4	11.600 (2020–2022)
Antigua y Barbuda	18,2	0,04
Bahamas	34,2	0,22
Barbados	7,3	1,04
Grenada	10,4	25
Jamaica	12,9	0,6
St. Kitts & Nevis	9,7	24
Saint Lucia	4,4	46
Saint Vincent and the Grenadines	6,7	17
Trinidad & Tobago	34	1,06
Brazil	≈700 (EPE, ±50 m)	532.000 (2023)
Colombia	109 (Caribbean shallow waters)	82.084,9 (2024)
Peru	347 (fixed 32–33; floating 315)	58.348 (2023)
Venezuela	381 (fixed 115; floating 266)	No official data

Note: The table only includes countries with official studies of estimated technical potential.

SOURCE: REGIONAL REPORT ON SUSTAINABLE BLUE ECONOMY IN LATIN AMERICA AND THE CARIBBEAN

An opportunity to accelerate the creation of new Sustainable Ocean Plans is the Ocean Action 2030 initiative, a global coalition in which WRI provides specialized technical and scientific support, while CAF and WEF facilitate technical and financial resources for their development.

Let investment set sail

In addition to formulating policies that provide a conceptual framework for advancing the sustainable blue economy, it is necessary to turn them into reality. This requires substantial innovation, public-private cooperation, and strategic financing.

From a financial perspective, the report identified several innovative initiatives to mobilize resources toward strategic sectors and the conservation of biodiversity and coastal ecosystems. For example, in 2025, Chile — led by its Central Bank — issued its first Blue Bond to finance projects aimed at marine conservation, the sustainable development of coastal areas, and adaptation to climate change.

In Barbados and Ecuador, debt-for-nature swaps also stand out, backed by international multilateral banks and various multilateral organizations. These states have committed to allocating the resources saved through debt payments to specific conservation targets.

The development of Blue Carbon bonds is likewise identified in the report as a major opportunity to find financing mechanisms for conservation in the region. Although development is still at an early stage, initiatives are already underway in Mexico, Panama, Colombia, the Dominican Republic, Belize, Trinidad and Tobago, Brazil, Argentina, and Uruguay.

In the private sector, ports across the region are making substantial investments not only to expand their capacity but also to implement sustainability strategies at the core of their businesses. One notable case is Panama, which is currently implementing a water sustainability and green hydrogen roadmap aimed at producing 500,000 tons of this fuel by 2030, thereby reducing its dependence on fossil fuels.

In the hotel industry in Grenada and the Dominican Republic, innovative projects are being developed to collect and process sargassum — a floating seaweed that has become a threat to regional tourism — and transform it into biogas, biofertilizers, and additives for the cosmetics industry.

And perhaps one of the sectors with the greatest potential for development and contribution to the sustainable blue economy is energy. The report estimates that offshore wind, tidal energy, which generates electricity from tidal movements; wave energy, which harnesses the power of waves; and floating solar power together represent an estimated technical potential of 8,000 GW for the region. Although there are not yet operational projects using these technologies, several countries have already mapped their specific potential.

The sea is a source of life, resources, culture, and traditions for much of Latin America and the Caribbean. That is why conserving its ecosystems, in a region that is home to a significant share of the planet's biodiversity, is not only a matter of survival but also represents an ocean of opportunities for development and conservation to move forward together, ensuring sustainable and equitable economic growth. ▲

The urgent task of bridging the gap

Afro-descendant and Indigenous women in Latin America face a double layer of historical discrimination: Because they are women and because of their racial and ethnic identity. How can this challenge be addressed?

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The words of Ana Baiardi, CAF — the Development Bank of Latin America and the Caribbean — manager of gender, inclusion, and diversity, summarize the scale of the challenge: “Ethnic and racial diversity is one of Latin America and the Caribbean’s greatest assets. Turning that richness into equal opportunities for everyone remains one of the region’s most urgent challenges.”

The roots of this inequality can be traced back to the colonial period, which pushed Indigenous and Afro-descendant populations — the latter enslaved — into the lowest strata of society. However, the formation of republics, the abolition of slavery, and the recognition of the rights of Indigenous and Afro-descendant populations failed to break that rigid social



“CAF’s study reveals that much of the problem lies in the fact that gender gaps affecting this population group have not been addressed in a comprehensive manner.”

structure, which has remained almost intact to this day, with racism very similar to that of the past. Indigenous and Afro-descendant people continue to occupy the lowest strata of society, trapped in poverty resulting from discrimination, limited access to education, a lack of decent employment, limited participation in decision-making, inadequate health care, and few opportunities for social mobility.

This reality is even more pronounced among women. Although gender equality has emerged as one of the most important social achievements of recent decades — a struggle with many battles still to be fought — the situation is different when women are Indigenous or Afro-descendant.

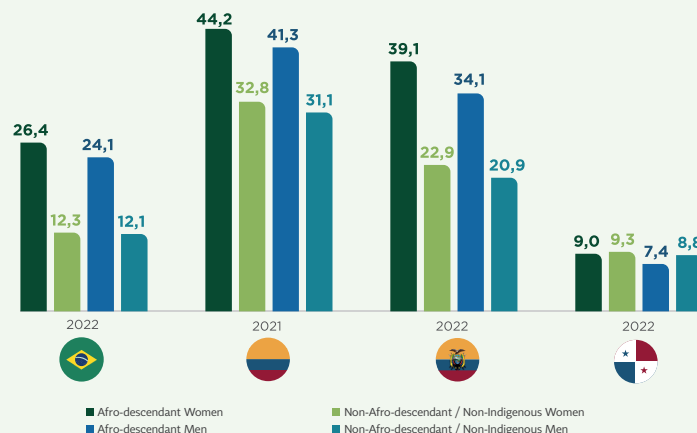
The study “Gender Gaps Among Afro-Descendant and Indigenous Women in Latin America,” produced by CAF, found that much of the problem lies in the fact that gender gaps affecting this population group have not been addressed comprehensively. In other words, policies have failed to consider not only their status as women, but also their belonging to groups that have historically faced discrimination based on race or class, resulting in a double form of discrimination.

“Traditional public policies tend to overlook the intersections of gender, race, and class, resulting in an approach that fails to consider the specific and diverse needs of different social groups. The fragmentation and specialization inherent in these policies lead to the development of partial and disconnected solutions that fail to address the multiple dimensions of oppression faced by people,” the document states.

The scope of inequality

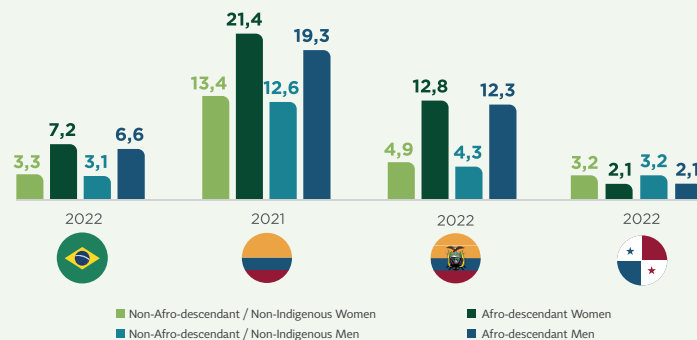
The study examined four countries: Brazil, Colombia, Ecuador, and Panama. It found that, although each country has its own particular circumstances, a comparative analysis reveals

ETHNO-RACIAL SELF-IDENTIFICATION AND SEX



SOURCE: ANNY OCORÓ LOANGO, BASED ON CEPALSTAT DATA (CEPAL, 2024C).

POPULATION IN SITUATION OF EXTREME POVERTY, BY ETHNO-RACIAL SELF-IDENTIFICATION AND SEX

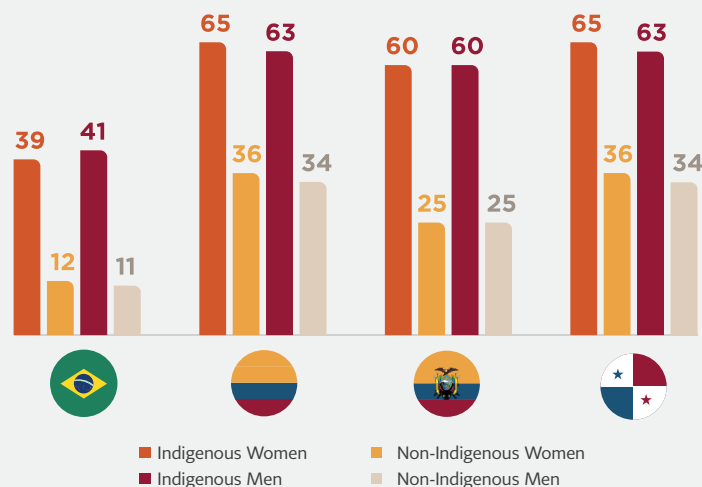


ANNY OCORÓ LOANGO, BASED ON CEPALSTAT DATA (CEPAL, 2024C).

persistent gaps in four specific areas: employment, education, health care, and political participation.

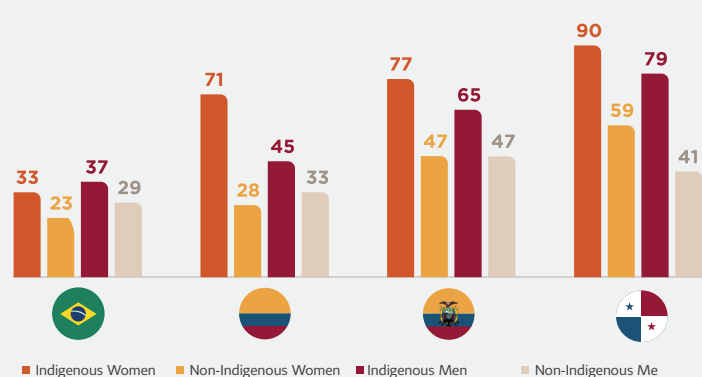
Employment. A large percentage of Afro-descendant women live in poverty or even extreme poverty, and they tend to hold the lowest-paid and most precarious jobs, with fewer social protections. With the exception of Panama, the percentage of Afro-descendant women working in domestic service, for example, is 15% higher than among non-Afro-descendant women.

PERCENTAGE OF POPULATION IN SITUATION OF POVERTY (CIRCA 2020)



SOURCE: FUNDACIÓN SHUNGO BASED ON ECLAC (2023A).

PERCENTAGE OF PARTICIPATION IN INFORMAL EMPLOYMENT (2020)



SOURCE: FUNDACIÓN SHUNGO BASED ON ECLAC (2023A).

Indigenous women, for their part, have limited access to quality jobs. They generally make a living through informal work or devote themselves to caring for and supporting their communities, a role that has been undervalued within the economy's value chains. Due to the limited availability of employment in rural areas, they are forced to move to major cities, but it often takes them a long time — when they manage to do so at all — to integrate into the urban economy.

Education. Afro-descendant women are the population group least likely to complete their primary, secondary, or tertiary education. Compared with non-Afro-descendant women, for example, for every two non-Afro-descendant women who complete tertiary education, only one Afro-descendant woman does so.

For Indigenous women, the problem is not only the lack of educational opportunities in their territories, but also the virtual absence of educational models that are culturally relevant to their communities. This is compounded by the longstanding practice of prioritizing boys' education, based on the belief that women should devote themselves to caregiving and supporting the community.

Health care. In all four countries studied, Afro-descendant women have the highest rates of maternal mortality and adolescent pregnancy. In addition, health care facilities in their communities are not only scarce but also inadequate, a situation made worse by the precarious nature of their employment, which limits their access to social security.

Furthermore, Afro-descendant women are particularly vulnerable to racial and sexual violence, especially those who belong to gender-diverse communities.

For Indigenous women, the main problem is access to safe drinking water and sewage services. The lack of this basic infrastructure affects not only the women themselves but also the health of their children. Health care services in their territories are also scarce, particularly those that are culturally appropriate, especially in areas related to gynecology and obstetrics.

Brazil, Colombia, and Ecuador, in particular, have already institutionalized culturally appropriate health care services for Indigenous communities, but much remains to be done to implement them effectively in practice.

Political participation. Brazil, Colombia, and Ecuador already constitutionally recognize the political rights of Afro-descendant and Indigenous populations, unlike Panama. However, women's activism has been notable in all four countries, enabling Afro-descendant women to bring their demands onto government agendas. Nevertheless, these movements have not suc-

ceeded in ensuring a greater political representation of Afro-descendant women in locally or nationally elected positions, or in the cabinets of governments in power.

Indigenous women, for their part, exercise political participation primarily through community structures, but access to state-level decision-making positions remains limited.

In this regard, there is an additional obstacle: Not all countries have data disaggregated by self-identified ethnicity or gender, making it difficult to accurately assess the participation of Indigenous women in parliaments.

The road ahead

After more than 500 years, the social structures that discriminate against Afro-descendant and Indigenous women, inherited from the colonial period, remain in place. Governments and society as a whole must commit to ensuring that these communities no longer suffer the entrenched discrimination they face because of their race, ethnicity, socioeconomic status, or gender, and that they can participate in the region's development on equal and equitable terms, with equal access to opportunities.

A first step is to incorporate ethnic-racial, gender, and intersectional approaches into employment and productivity programs, as well as to implement monitoring mechanisms to protect the labor rights of Afro-descendant and Indigenous women, with particular attention to preventing racial and gender discrimination. Likewise, governments — in partnership with the private sector — should implement quota systems to expand access to formal employment and, consequently, social security, while introducing programs in these communities to promote formal employment and entrepreneurship in sectors such as agriculture, tourism, commerce, and handicrafts.

Expanding health care coverage in Indigenous and Afro-descendant territories should be a priority, not only through hospital and health-post infrastructure, but also through medical outreach teams familiar with the cultural and social practices of the populations they serve. Similarly, infrastructure providing access to safe drinking water and sewage services should be expanded in rural areas.



“States should establish quota systems that enable Afro-descendant and Indigenous women to gain representation in centers of power.”

In education, it is necessary not only to establish programs to reduce dropout rates in primary, secondary, and tertiary education, but also to undertake a major social effort to reduce adolescent pregnancy. A specialized fund could be created with public and private resources to help ensure that an increasing number of women from these population groups complete their degrees. Academic training programs for teachers in these regions should also be established, with an emphasis on culturally relevant education.

States should also seek to establish child-care centers in major cities to facilitate the integration of Indigenous and Afro-descendant women into the economic life of the cities to which they migrate.

Another major outstanding challenge is sustained action against gender-based violence from an intersectional perspective, both through centers that provide support to victims reporting violence and through broad awareness campaigns in communities to reject all culturally entrenched forms of violence against women.

Finally, states should establish quota systems that enable Afro-descendant and Indigenous women to gain representation in centers of political power. Additionally, this should be accompanied by mentoring and training programs in politics, leadership, and governance, enabling them to participate effectively and apply the knowledge they acquire in their communities. ▲

Environmental education for young children

“Little Guardians of the Planet” is a series of children’s stories designed to encourage boys and girls to develop Earth-friendly habits.

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Bringing environmental education into children's earliest years and turning good environmental practices into habits is essential to preserving the planet.

This is the idea behind "Little Guardians of the Planet," a series of five children's stories written by Marcelo Corti and Melisa Lombardo and illustrated by Camila Liandro, with support from CAF — the Development Bank of Latin America and the Caribbean — and the Asociación Civil GestiónARG.

The collection follows Giuli and Caty, two children who embark on adventures in five Latin American cities to help GEO, a representation of planet Earth. In Buenos Aires, for example, Giuli and Caty help GEO reduce its high temperatures (global warming); in Medellín, the story focuses on the importance of recycling correctly; in Mexico City, the focus is on water conservation; in Montevideo, the challenge is to take action to reduce energy consumption; and in Rio de Janeiro, the goal is to find the best ways to protect animals.

At the end of each story, there is a concept sheet to reinforce learning at home and in the classroom, featuring basic environmental concepts as well as actions that promote planet-friendly habits.

The sheets include activities to be carried out in the classroom, aimed at children ages 3 and 4, as well as boys and girls



"The children's story collection follows its protagonists, Giuli and Caty, as they visit five Latin American cities, where they must help GEO overcome environmental challenges."

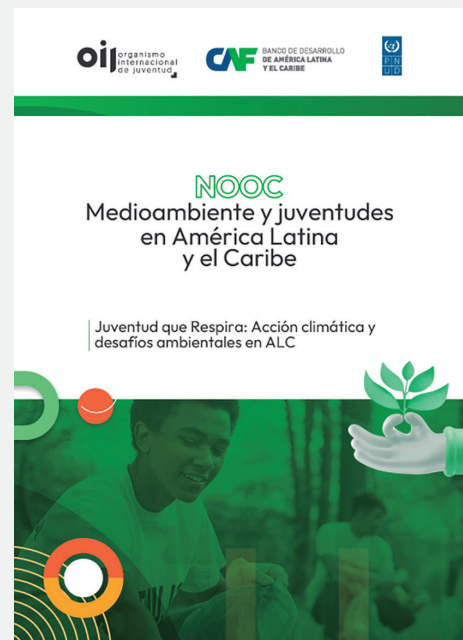
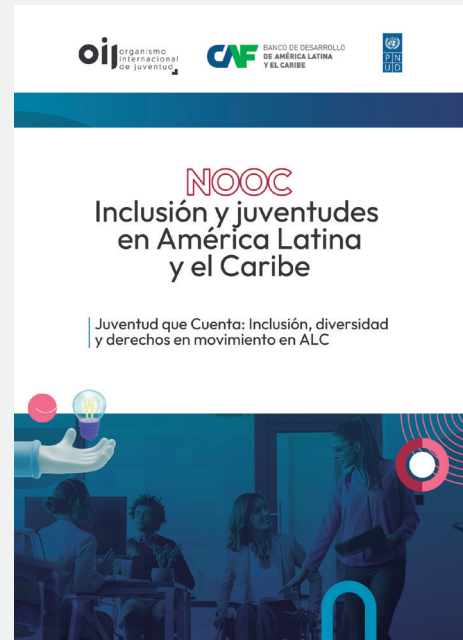
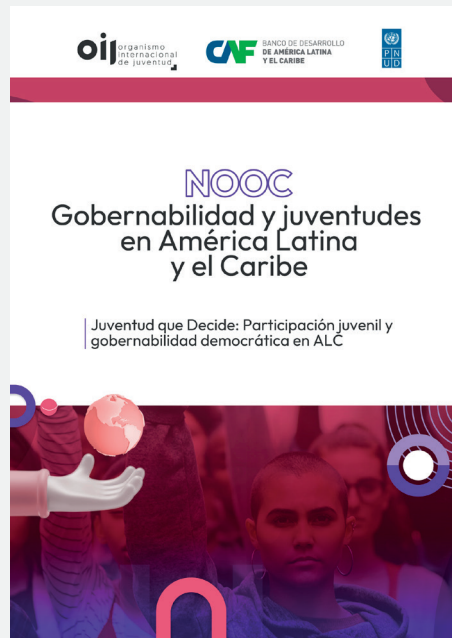
ages 5 and 6. They also offer a daily activity calendar to reinforce environmental stewardship at home.

The "Little Guardians of the Planet" collection can be downloaded free of charge in PDF format from CAF's Digital Library, allowing anyone to start encouraging environmental awareness among young children through entertaining, accessible, and engaging stories. 

Challenges facing young people in Latin America and the Caribbean

CAF — the Development Bank of Latin America and the Caribbean —, in partnership with the International Youth Organization, or IYO, and the United Nations Development Programme, or UNDP, offers a series of online nano-courses on the main challenges facing young people in the region.

The three free, self-paced online courses — available under the “Training” section of CAF’s website — provide tools, data, and best practices on inclusion, governance, and the environment from a regional perspective.



After a creative process that began with 500 submissions, this image was selected as the
Regional Brand of Latin America and the Caribbean



Latin America and the Caribbean

Each path is
an opportunity

“This is not just a brand, it’s a declaration of identity.
Latin America and the Caribbean is not just a region;
it is the planet’s reservoir of sustainability and emotion.”

Gustavo Santos, Director of UN Tourism for the Americas, jury member

AN INITIATIVE OF
CAF – DEVELOP-
MENT BANK OF
LATIN AMERICA AND
THE CARIBBEAN



Creators:
Ana Belén Arregui
(Ecuador)
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Jean Nicolas
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“Visions for Development
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perspectives and knowledge to build
together a more prosperous future for
Latin America and the Caribbean”.

Sergio Díaz-Granados
Executive President of CAF



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