

# FMO

Entrepreneurial  
Development  
Bank

## INTRODUCTION TO FINANCIAL INSTITUTIONS

Enabling entrepreneurs to  
increase inclusive and  
sustainable prosperity

October 2024 | [www.fmo.nl](http://www.fmo.nl)

8 DECENT WORK AND  
ECONOMIC GROWTH



10 REDUCED  
INEQUALITIES



13 CLIMATE  
ACTION





# Contents

1. About FMO
2. Financial Institutions LAC
3. Financial Institutions LAC – Specialist Team
4. Special Products and Services
5. Annexes

FMO contributes to:



FMO's office in The Hague with the Sustainable Development Goals prominently on its façade.

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# ABOUT FMO

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# Entrepreneurial Development Bank

**5  
TO FULFILL  
OUR MISSION  
AND LIVE UP TO  
OUR PURPOSE**

**MISSION**  
We enable entrepreneurs to increase inclusive and sustainable prosperity.

**PURPOSE**  
We create development impact by being additional in financing the private sector in low- and middle-income countries.

## 4 OUR STRATEGY

- Market creation
- Innovation

- Reduced Inequalities
- Climate Action
- Environmental, social, governance management

- Mobilization
- Efficiency

## 1 OUR VISION

We believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries.

## 2 THE CHALLENGES

- Inequality on the rise
- Behind on the Paris goals
- Lack of bankable opportunities
- More stringent regulations
- Customers require speed and simplicity
- Increased stakeholder expectations

### 3 OUR 2030 AMBITIONS

To maximize our impact on 3 SDGs



...across  
3 sectors



Energy



Agribusiness,  
Food & Water

Energy

Financial  
Institutions

...with  
**10** meaningful  
innovations

**10** bln €  
invested in  
SDG 10

**10** bln €  
invested in  
SDG 13

**SDG 8**

- Grow jobs supported
- Increase decency and quality of jobs

- Improve access for the bottom 40%
- Increase gender lens investments
- Invest more in LDCs / fragile states

- 'Net zero' portfolio by 2050 through just and inclusive transition
- Support customer alignment with Paris goals and customer resilience
- More investments in mitigation, adaptation, resilience, biodiversity

Since 1970 we have been a driving force behind  
investments empowering  
local entrepreneurs in emerging markets



Agribusiness,  
Food & Water



Financial  
Institutions



Energy



803  
employees  
total number of  
employees

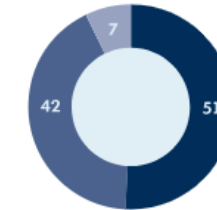


72  
different  
nationalities



47%  
of senior and  
middle  
management are  
women

Ownership structure %



public- private ownership structure

(51% Dutch state | 42% Dutch banks | 7% Employers' associations, trade unions, corporate individual investors)



licensed bank, supervised by the  
Dutch Central Bank



funding through bonds

including Sustainability Bonds and Green Bonds

**FitchRatings**

AAA outlook stable  
(Fitch Ratings and Standard & Poor's)

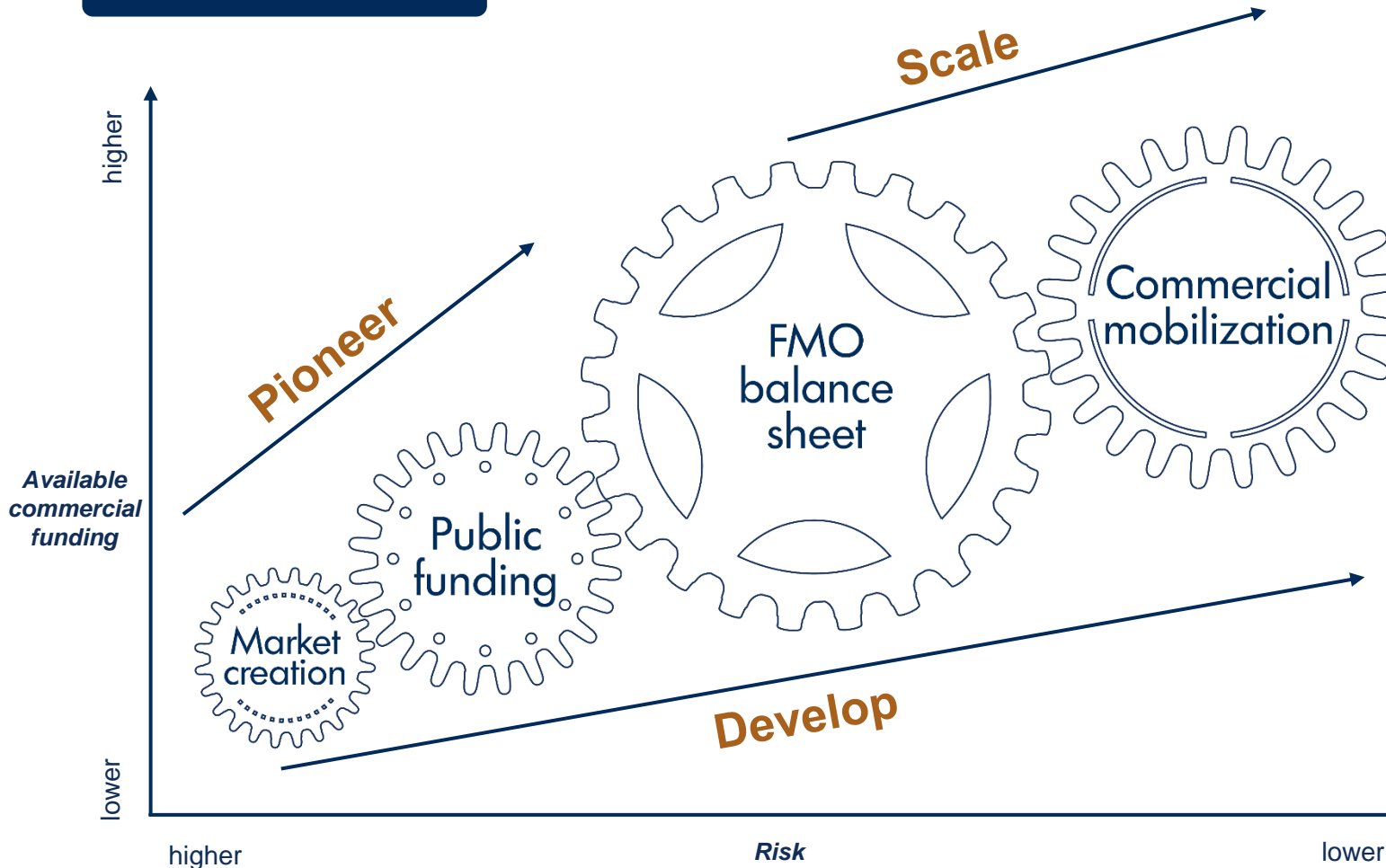


industry leading sustainability  
ratings



Sustainalytics | FMO in total database and in the  
industry group (banks)  
ISS ESG rating | Prime

## Our progression model



We start with **market creation** – developing unbankable opportunities into bankable projects.

We move projects to **public funds**, developing new products & segments and making higher risk investments.

Through **our own balance sheet**, we provide financial support and scale investments.

By **mobilizing commercial partners**, we aim to further scale our impact.

As a **change agent on environmental, social and governance** topics we support development of our customers' capabilities.

We create impact by focusing our activities on three key SDGs across all our sectors ....



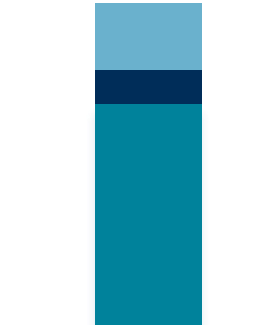
...and through sector-specific strategies, we also contribute to other SDGs

## OUR KEY SDGS



Total Committed Portfolio

€13,181 million



2023

■ Mobilized funds  
■ Public funds  
■ FMO's balance sheet



**990 thousand**  
jobs supported



Reducing Inequality-labelled  
Total Committed Portfolio

€4,301 million



2023

■ Mobilized funds  
■ Public funds  
■ FMO's balance sheet



Green-labelled  
Total Committed Portfolio

€4,749 million



2023

■ Mobilized funds  
■ Public funds  
■ FMO's balance sheet



**2,061 ktCO<sub>2</sub>e**  
Total financed avoided  
greenhouse gas emissions

We create impact by focusing our activities on three key SDGs across all our sectors ....



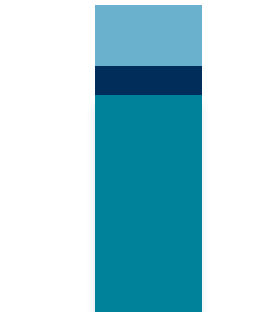
...and through sector-specific strategies, we also contribute to other SDGs

## OUR KEY SDGS



Total  
new investment volume

€2,695 million



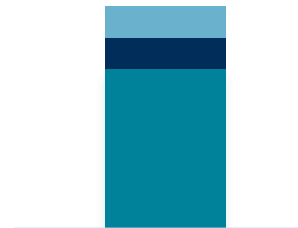
2023

■ Mobilized funds  
■ Public funds  
■ FMO's balance sheet



Reducing Inequality-labelled  
new investment volume

€1,140 million



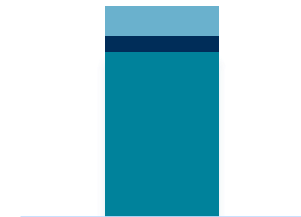
2023

■ Mobilized funds  
■ Public funds  
■ FMO's balance sheet



Green-labelled  
new investment volume

€1,091 million



2023

■ Mobilized funds  
■ Public funds  
■ FMO's balance sheet



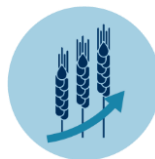
...and we create impact by focusing on markets that are key to economic, environmental and social progress



## AGRIBUSINESS, FOOD & WATER



**Inputs**  
Agri-inputs, services  
& water



**Primary production**  
Farming/Growers



**Primary processing**  
Mills, Aggregators



**Trading**  
Wholesale trader



**Food Manufacturer**



**Warehousing**  
Logistics & Distribution



**Forestry**



## ENERGY



**Wind**



**Solar**



**Hydro**  
(run-of-the-river)



**Off-grid  
solutions**



**Geothermal**



**Transmission &  
distribution**



**Storage**



## FINANCIAL INSTITUTIONS



**(universal/ SME)  
banks**



**Microfinance**



**FinTech**



**Non-bank financial  
institutions**

# Our performance | Financial performance and committed portfolio

Net profit

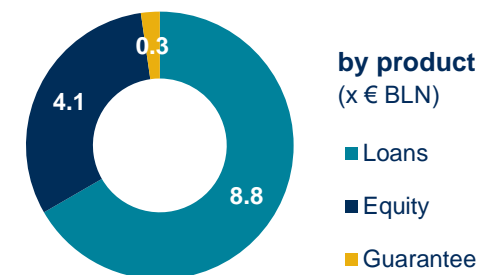
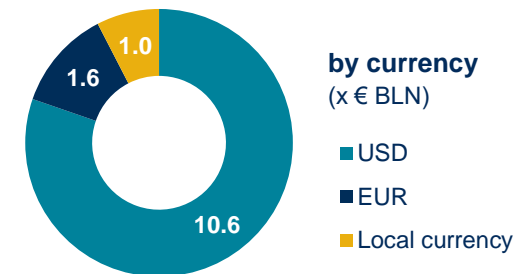
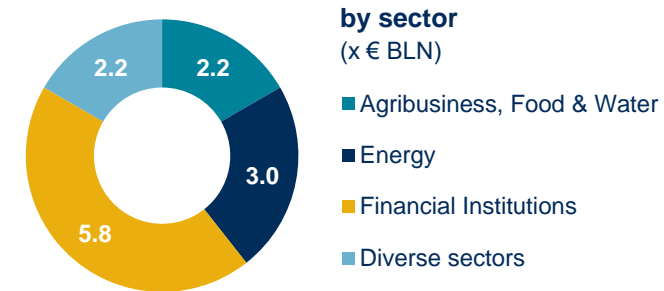
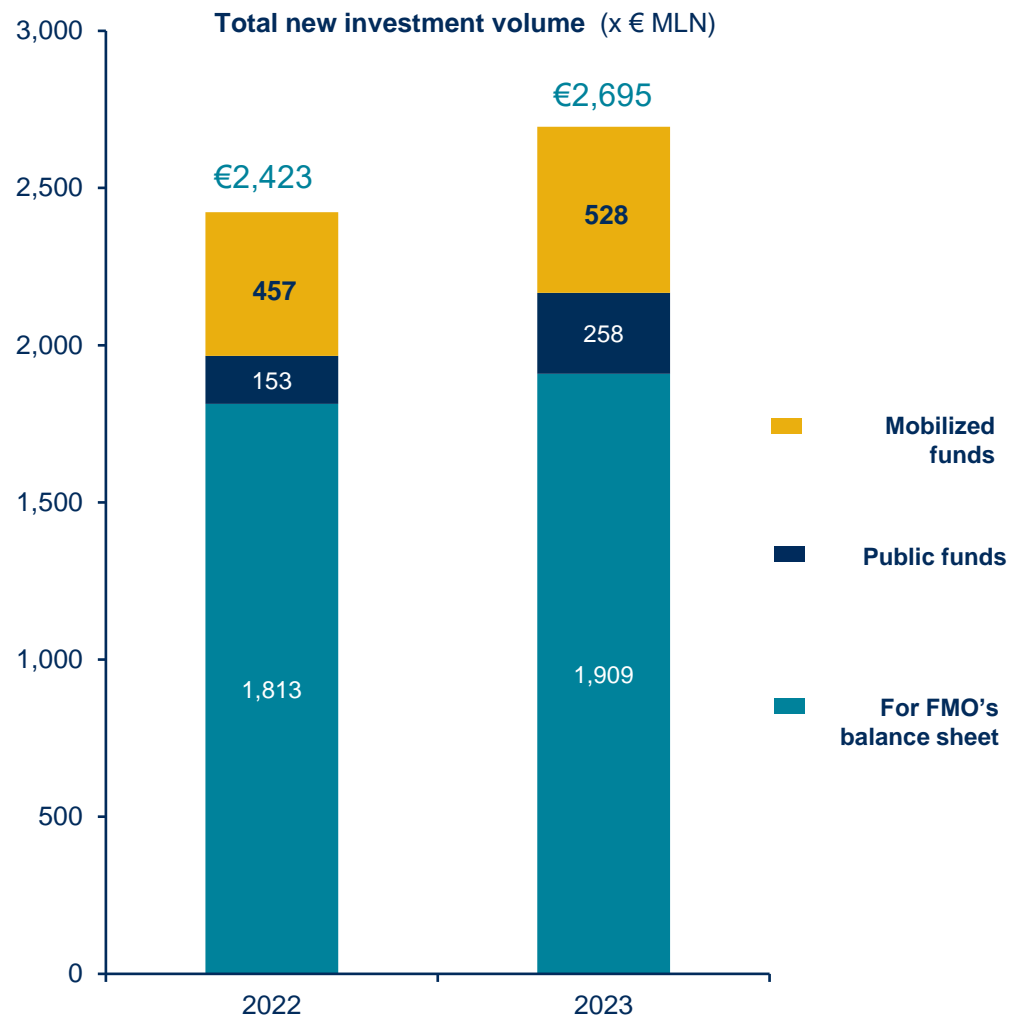
**€65 million**

Common Equity Tier 1 (CET1)

**22.0 %**

Committed portfolio FMO + Public Funds\*

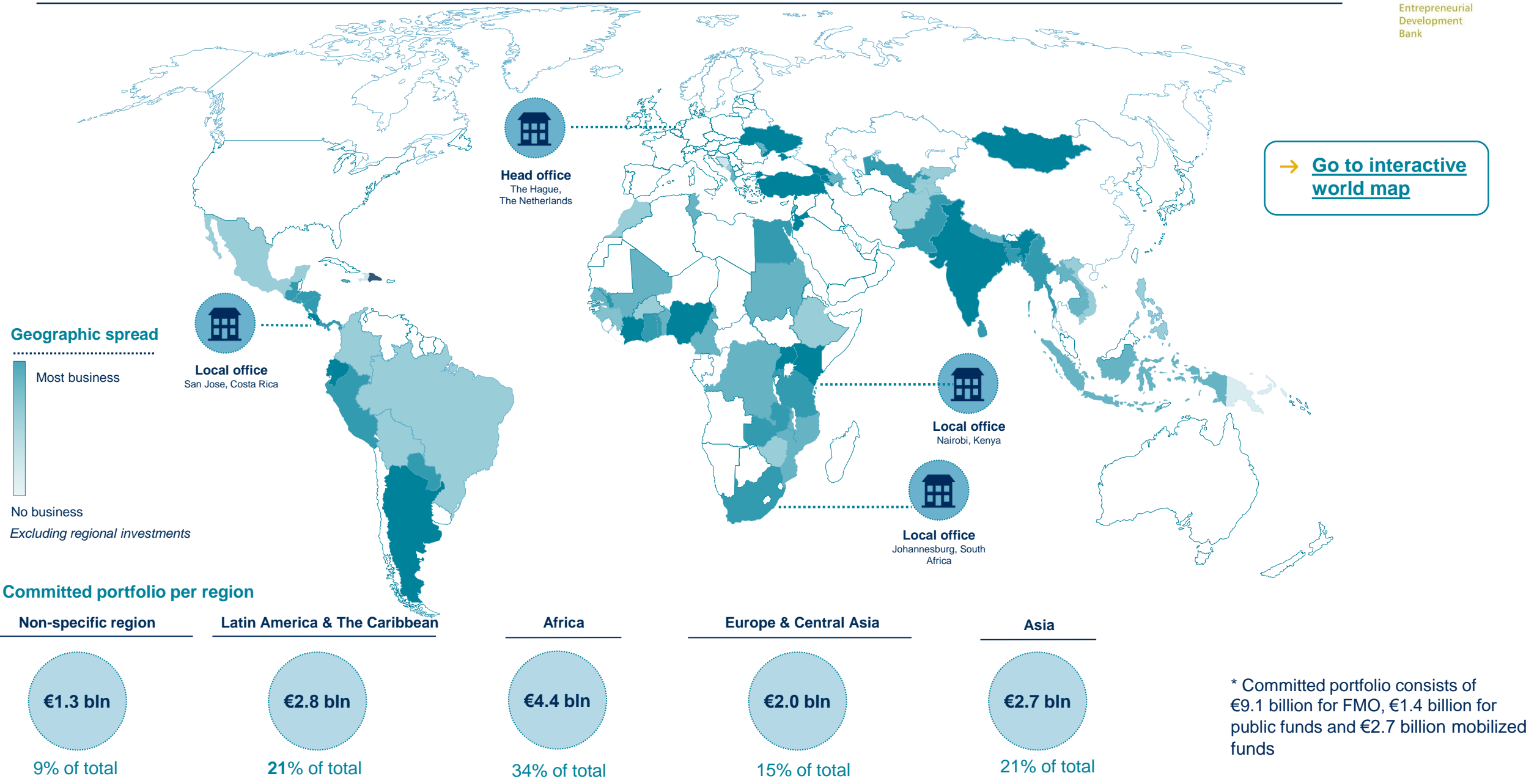
**€13.2 billion**



\* Committed portfolio consists of €9.1 billion for FMO, €1.4 billion for public funds and €2.7 billion mobilized funds

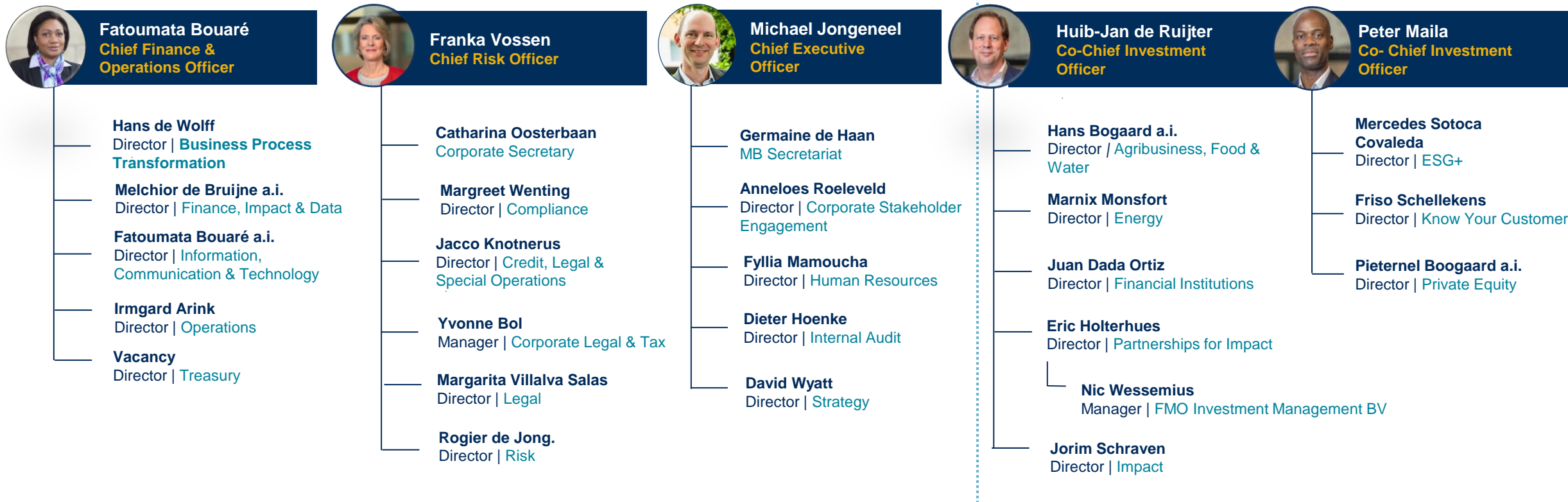


# Committed portfolio | 2023 €13.2 billion\*



→ [Go to interactive world map](#)

# Organizational chart



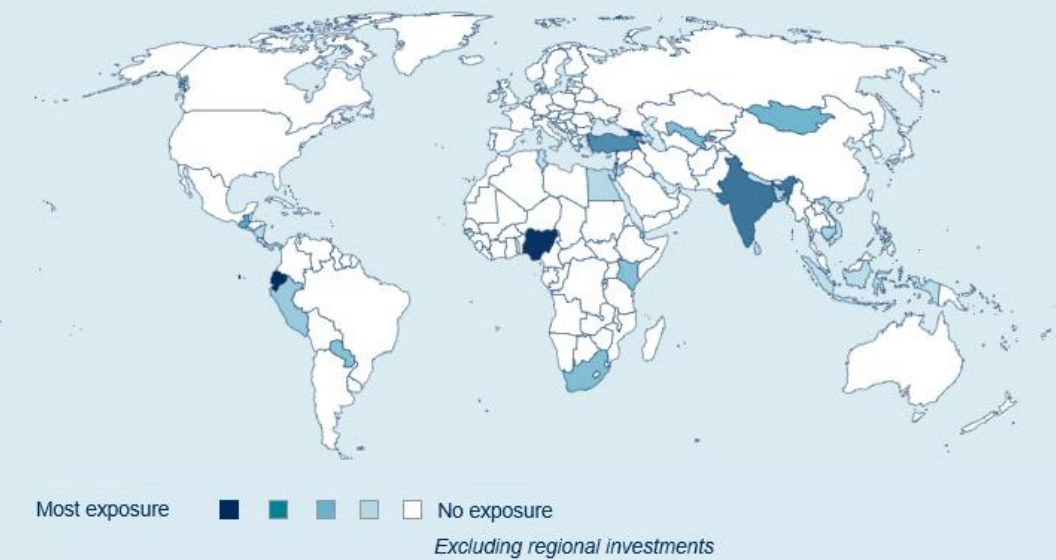


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# **FINANCIAL INSTITUTIONS - LAC**

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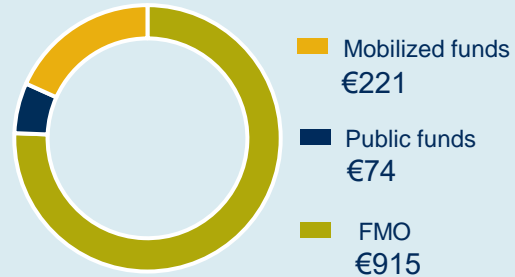
## Country exposure based on total committed portfolio 2023



## 2023

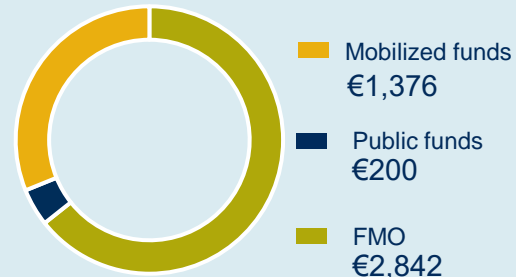
### New investments

€1,210 mln



### Total committed portfolio

€4,418 mln



## Financial Institutions



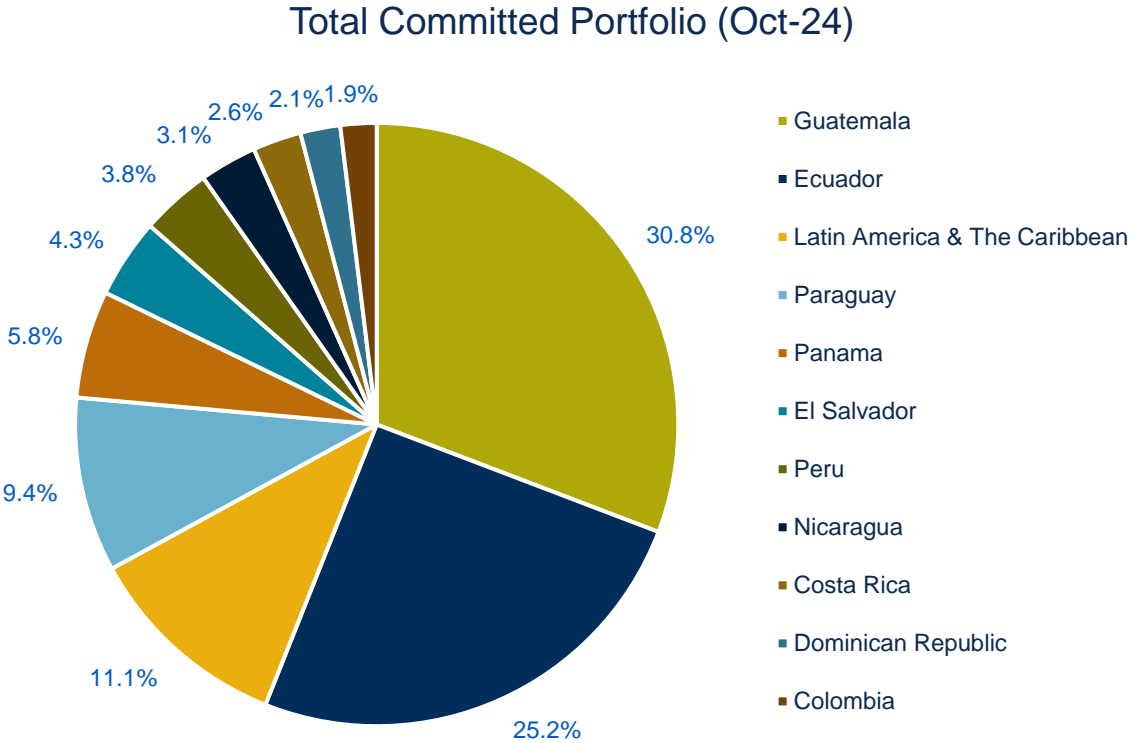
**FMO invests in financial institutions - ranging from universal banks and microfinance institutions to NBFIs:**

- support access of MSMEs to financial services
- address environmental and social impact of business operations
- promote green development by extending credit lines dedicated to sustainable solutions
- promote inclusive development focusing on rural outreach, women-owned businesses and Base of the Pyramid



Sasfin bank, COVID-19 emergency facility from the NASIRA fund | South Africa





	Total Committed Portfolio	Total Nr. Of Clients
FMO-A	USD 753.6mIn	35
MASSIF*	USD 31.6mIn	3
Total Mobilized Portfolio	USD 750 mIn	
Total	USD 1.5 bln	

\*MASSIF = Government Fund focusing on reducing inequalities

 <i>Peru</i> <b>USD 50million</b> 3-year Woman Owned MSME Loan Lender March 2023	 <i>Ecuador</i> <b>USD 50million</b> 5-year Syndicated Green & SME Loan Lead Arranger & Lender June 2023	 <i>Paraguay</i> <b>USD 35million</b> 5-year Agricultural SME Loan Lender June 2023	 <i>Costa Rica</i> <b>USD 30million</b> 4-year Green Loan Lender October 2023	 <i>Dominican Republic</i> <b>USD 25million</b> 5-year MSME and Women Owned SME Loan Lender November 2023	 <i>Regional</i> <b>USD 35million</b> 10-year Green Loan Lender December 2023
 <i>Panama</i> <b>USD 85 million</b> 10-year Capital injection Loan Lender December 2023	 <i>Ecuador</i> <b>USD 48 million</b> 8-year Green and Women Owned SME Loan Lender December 2023	 <i>Ecuador</i> <b>USD 70million</b> 7-year Green and Woman Owned SME Loan Lead Arranger & Lender December 2023	 <i>Nicaragua</i> <b>USD 5 million</b> 4-year Women and Youth Owned MSME Loan Lender February 2024	 <i>Colombia</i> <b>USD 50 million</b> 3-year MSME and Green Loan Lender March 2024	 <i>Guatemala</i> <b>USD 85million</b> 7-year MSME Loan Lender May 2024
 <i>Guatemala</i> <b>USD 180million</b> 5-year Green Loan Lead Arranger & Lender September 2024	 <i>Guatemala</i> <b>USD 15million</b> 4-year MSME Loan Lender September 2024	 <i>Regional</i> <b>USD 20million</b> 4-year Women and Youth Owned MSMEs Loan Lender September 2024	 <i>El Salvador</i> <b>USD 20million</b> 7-year Green and Woman Owned SME Loan Lender October 2024	 <i>El Salvador</i> <b>USD 20million</b> 6-year Green and Women Owned SME Loan Follower Arranger & Lender October 2024	 <i>El Salvador</i> <b>USD 30million</b> 5-year MSME Loan Lender October 2024

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## **FI LAC – THE TEAM**

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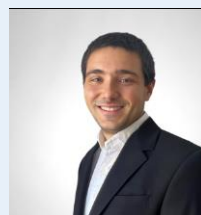
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## Sustainable Finance



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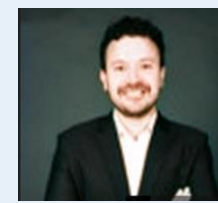
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## KYC



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## Corporate Governance



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# **PRODUCTS & SERVICES**

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**We offer long-term financing through loans (including syndicated loans), guarantees and equity**  
**Whenever possible we provide our funding in local currencies**

## Loans



- Medium and long-term
- Fixed / variable interest rates
- Repayment grace period

## Syndicated Loans



- A/B loan
- Parallel loan
- Tailor-made solution/  
framework agreement

## Private Equity



- Direct / indirect (through funds)
- Co-invest with partners
- Stable, long-term capital

## Guarantees



- Structuring to the needs of  
beneficiary, market and targeted  
creditors

We know it takes more than finance to build a sustainable business for the long-run that positively impacts people and planet.

- **Technical Assistance Program**

We work with customers and partners to design tailored technical expertise and practical support on a project basis.

- **Peer-to-peer learning**

We find the right connection within our network and facilitate knowledge exchange.

- **Trainings, masterclasses and events**

We organize conferences, masterclasses and trainings at national, regional and global level on key topics and trends.

- **Sector-wide initiatives**

We initiate and support sector initiatives to bring key players and regulators together for the greater good.



## Gender finance

To unlock inclusive business opportunities aimed at women and women-entrepreneurs

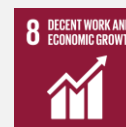


## Green

To enhance green credentials and implementing sustainability throughout business process

## Environmental and social risk management

To identify, manage and mitigate Environmental & Social related risks, and enable our financial sector clients to improve portfolio quality.



## Governance and risk management

To support governance through appropriate risk management frameworks, management information systems

**Whenever possible we provide our funding in local currencies**

## **Controlled funding costs**

No funding cost volatility due to FX movement impact on future interest & amortization.

Avoid risky imbalances between revenues in LCY and funding in USD.

## **Reduce credit risk**

Having an LCY loan with an AAA-rated entity as FMO

versus hedging onshore with a local entity.

## **High risk of future LCY depreciation**

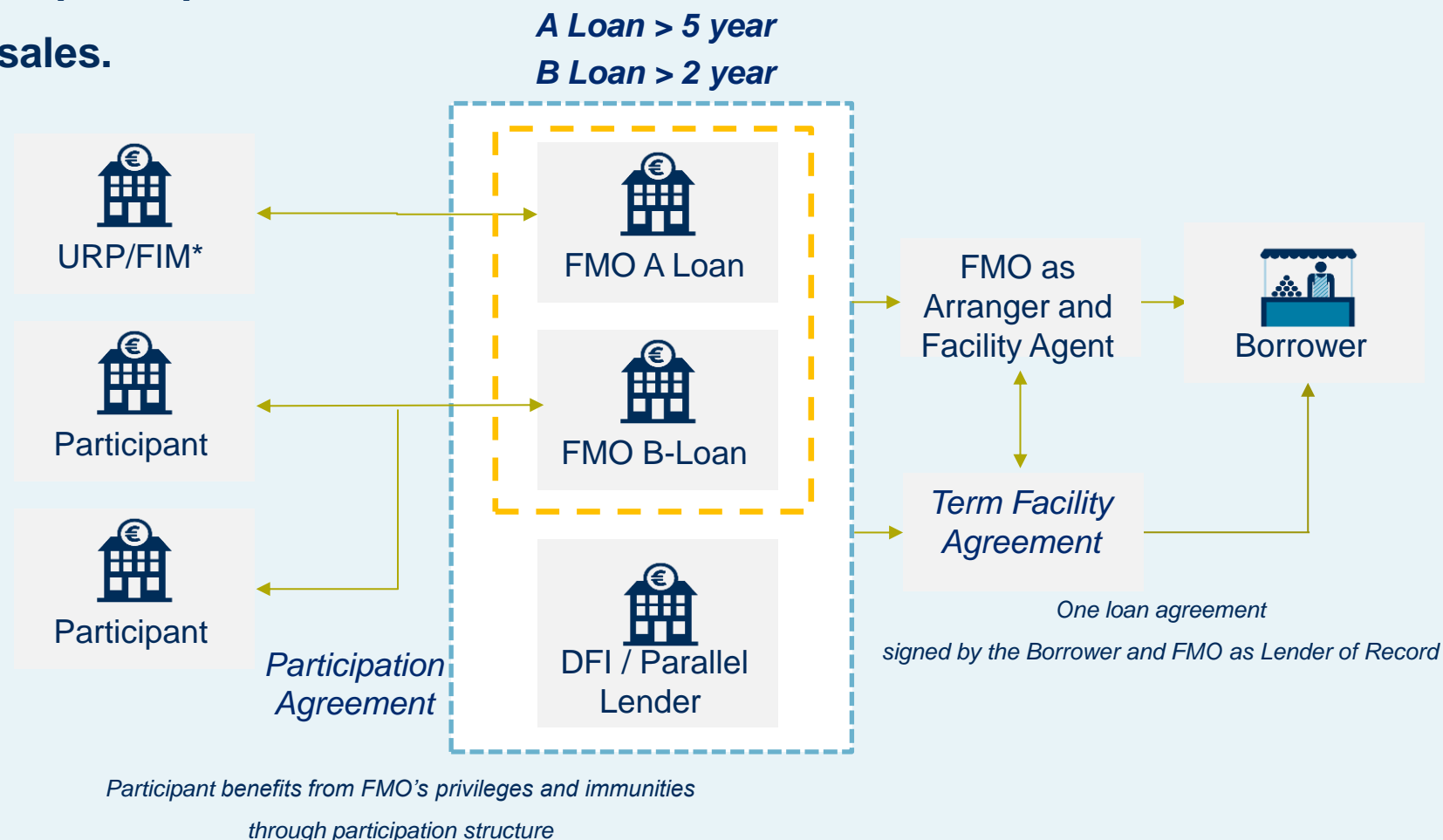
Although the LCY interest rate will always be higher than a USD rate, over the lifetime of the loan, a USD loan may be more expensive with the LCY depreciation.



We also aim to mobilize funds through  
loan syndication and unfunded risk participations  
as well as secondary sales.

We arrange syndicated loans and  
attract funding from partners such as  
commercial banks, impact investors  
and other DFIs.

We have a large network of over 60  
partners who play a key role in  
reaching scale and achieving more  
impact.



*\*Unfunded Risk Participation programs and/or private investors via FMO Investment Management*

## Benefits to Borrowers

- Access to new funding sources, both from DFIs and commercial parties
- Enables larger loans with longer tenors
- One point of contact (FMO) with one loan agreement for the full loan
- Time and cost savings throughout the life of the loan
- FMO as Facility Agent

## Benefits to Investors

- Access to new clients and increased deal flow
- FMO's expertise in EM and track-record
- FMO's due diligence and structuring capacity
- FMO's E&S and CG expertise
- FMO in its Facility Agent capacity
- Time and cost savings
- FMO's status as DFI
- Focus on SDG's and impact



# FMO

Entrepreneurial  
Development  
Bank

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