

The response of Bagrícola, as a development bank, to times of crisis



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Creation and Role of BAGRÍCOLA

DEVELOPMENT FINANCE INSTITUTION

Founded in **1945** at the close of World War II, the **Agricultural Bank of the Dominican Republic** is a government-backed development financial institution. Its mission is to provide comprehensive financial services to agricultural and livestock producers across the entire national territory – serving as the backbone of the country's agro-financial ecosystem for more than eight decades.

The Dominican territory



- **65 branches located all over the country.**



**+200,000
Farmers are
active clients**

- **48,000 km²** Total Land Area
- **51.5%** of Dominican land is suited for **agricultural and livestock use** .

BAGRÍCOLA's Importance in Agricultural Financing

The Agricultural Bank occupies a uniquely dominant position in Dominican agro-financing, filling a critical gap left by private sector institutions.

~60% of Sector Financing

Approximately 60% of all financial flows to the agricultural sector are generated by BAGRÍCOLA, making it the undisputed primary source of credit for Dominican producers.

Commercial Banks: <4%

According to Central Bank data, commercial multiple banks channel less than 4% of their total portfolio to the agricultural sector, reflecting a structural market failure.

Cooperatives: Limited Reach

Cooperatives contribute a small share of agricultural credit, though they lack the scale and impact observed in many other Latin American countries.

Informal Credit: High Cost

Informal credit plays a significant role but comes with highly adverse interest rates and conditions that disproportionately burden small and medium producers.

Over 80% of Food consumed by Dominicans is Locally Produced



TASA 0%
ES LA REACTIVACIÓN DE LA
AGRICULTURA



Responding to New Challenges with Strategic Financing

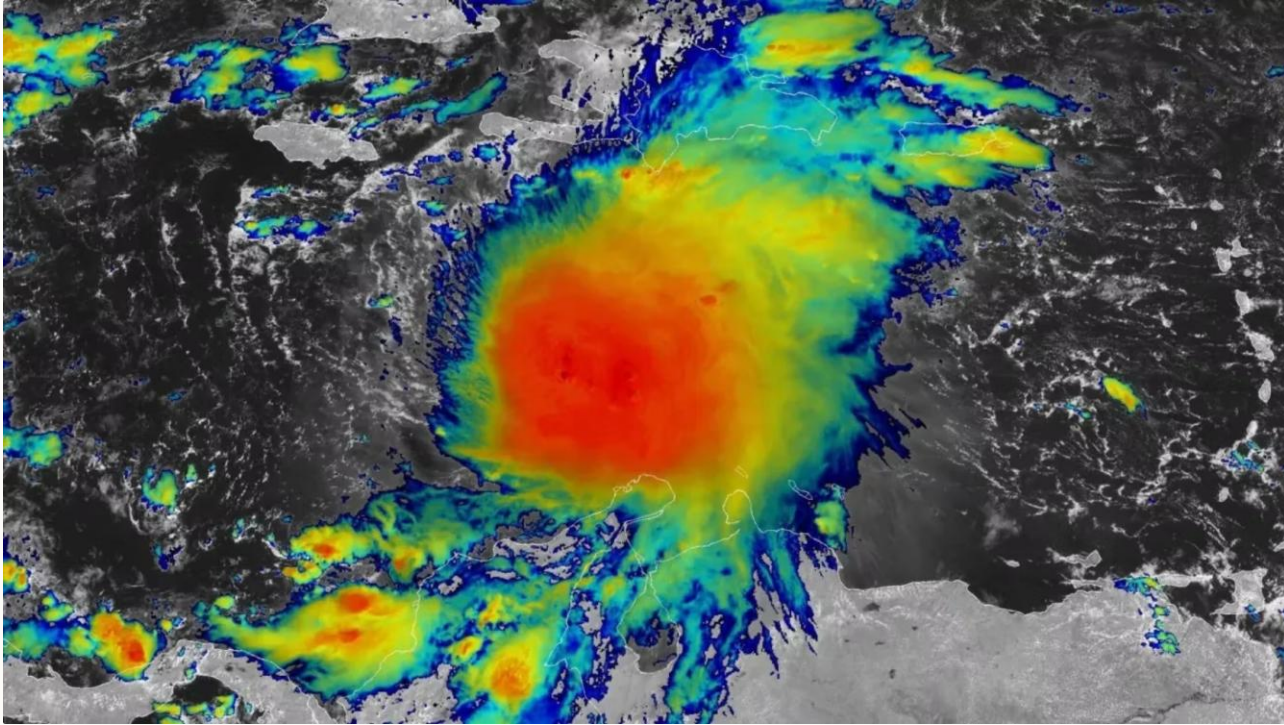
The government of President Luis Abinader recognizes that transforming Dominican agriculture requires sustained financial commitment. BAGRÍCOLA's credit portfolio has **grown by 80%** during this administration, reflecting a clear policy priority.

COVID-19 Recovery Fund — 2020

A **US\$100 million fund** was established to finance interest-free recovery loans for the agricultural sector, with special emphasis on small producers hardest hit by the pandemic.

Full Agro-Food Chain Coverage

BAGRÍCOLA financing spans the entire value chain: **production, productive infrastructure, mechanization, processing, commercialization, warehouse receipt (pignoración), and factoring** — ensuring no critical link is left unfunded.



OCTOBER 2025

Hurricane Melissa

The most powerful hurricane of 2025 struck the Dominican Republic, triggering catastrophic flooding and causing severe losses across the agricultural sector. BAGRÍCOLA mobilized immediately as the government's primary financial response mechanism.



Hurricane Melissa: BAGRÍCOLA's Counter-Cyclical Response

3,300+

Loans Disbursed

Emergency loans extended to affected producers across multiple agricultural sectors.

90K+

People Affected

Heavy rains and flooding impacted over 90,000 people nationwide.

\$33M

Government Support

The Dominican government deployed US\$33 million through BAGRÍCOLA to support farmers' recovery.

Hurricane Melissa was the most intense storm of 2025. Widespread flooding destroyed significant crop volumes across multiple agricultural categories. BAGRÍCOLA's rapid deployment of over **3,300 loans** exemplifies the counter-cyclical role that public development banks play in stabilizing food systems during acute climate shocks – a function that private financial institutions are structurally unable to fulfill.



GLOBAL CRISIS RESPONSE

The Persian Gulf Crisis

Geopolitical instability in the Persian Gulf triggered a global fertilizer supply shock, driving up input costs and threatening food security across import-dependent nations. The Dominican Republic responded with a targeted, multi-pronged government intervention executed through BAGRICOLA and the Ministry of Finance.

Dominican Government Response to the Persian Gulf Crisis

The government executed a comprehensive stabilization plan to shield Dominican farmers from international fertilizer price volatility, prioritizing food security and producer livelihoods.

01

Subsidy Deployment & Expansion

An initial **US\$17 million** state fund was established in March by the Ministry of Finance, then raised to **US\$18 million** in May to cover mounting international inflationary pressures on fertilizer costs.

02

Price Freeze on Fertilizers

The subsidy program locked local fertilizer prices from **March 13**, insulating producers from global market volatility and ensuring predictable input costs.

03

Agreement with Importers Including SMEs

The government negotiated supply agreements with fertilizer importers, including small and medium enterprises, to maintain distribution continuity across all regions.

04

Priority Protection for Rice Sector

The rice sector – consuming nearly **60%** of the country's nitrogenous fertilizer – received prioritized protection to safeguard the nation's staple food supply.

05

Subsidy Extension Through May

Plans were formalized to extend the subsidy program through May, ensuring sustained protection as the planting season progressed and international prices remained elevated.

BAGRÍCOLA: A Model for Counter-Cyclical Intervention

The experiences of BAGRÍCOLA in the Dominican Republic, both during Hurricane Melissa and the Persian Gulf Crisis, highlight the indispensable role of public development banks in stabilizing food systems amidst polycrises. Their ability to deploy rapid, targeted financing, often on concessionary terms, provides a critical counter-cyclical buffer that private markets cannot.

Climate Resilience

BAGRÍCOLA's swift response to Hurricane Melissa demonstrates how public finance can enable agricultural recovery and build resilience against climate shocks.

Market Stabilization

The fertilizer subsidy program during the Persian Gulf Crisis showcases proactive intervention to mitigate global supply chain disruptions and protect domestic food security.

Inclusive Growth

By focusing on small producers and the entire agro-food chain, BAGRÍCOLA ensures that financial support translates into broad-based economic stability and rural development.



¡Cosechando **esperanzas!**