6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity Building

Key objective: 20. Climate and sustainable finance, mainstreaming climate in investments and insurance

Solution: FX Edge Program

Host initiative: Inter-American Development Bank

Scope:

- Geographic: Global, with IDB focus on Latin America and the Caribbean.
- Sectoral: Sustainable investments (e.g: Climate resilience, renewable energy, sustainable infrastructure, bioeconomy sectors).
- Other aspects: Targets systemic FX risk barriers that constrain climate investment; integrates policy reforms, IDB supported FX-hedge mechanisms and financial solutions to mobilize foreign capital for sustainable development.

Plan to Accelerate FX Edge Program

Axis:

Levers assessment: *(each lever is described in the guidance document)*

- **Risk-informed decision-making:** Medium maturity
  - *Rationale: FX Edge provides solutions for FX-risk mitigation to facilitate risk management to scale foreign capital mobilization through a programmatic approach. Eco Invest Brasil is piloting a first suite of FX-risk mitigation solutions, which will be tailored to other countries through FX Edge.*
- **Technology shifts:** Medium maturity
  - *Rationale: The program will incentivize capital mobilization for scaling financing for country's priorities related to productive and sustainable development, including adoption of climate-smart technologies and technology densification (eg. Eco Invest Brasil).*
- **Knowledge & Capacity building:** Medium maturity
  - *Rationale: Strengthens the technical capacity of Governments, Central Banks and Public Development Banks for the development of FX-risk mitigation solutions for capital mobilization through targeted technical assistance. FX Edge Handbook (under development) will guide the international implementation of the program, incorporating lessons learned from Eco Invest Brasil.*
- **Inclusive decision-making governance & design:** Medium maturity
  - *Rationale: Promotes strong governance among federal government bodies and coordination with other stakeholders, such as regulators, MDBs and private-sector actors.*
- **Standards & Taxonomies:** Medium maturity
  - *Rationale: The Program contributes to the harmonization of national and international standards for sustainable and climate-aligned investments through specific requirements for eligible projects, which could be potentialized by competitive mechanisms for channeling program resources (eg. Eco Invest Brasil).*
- **Supply:** Medium maturity

6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity Building

Key objective: 20. Climate and sustainable finance, mainstreaming climate in investments and insurance

Solution: FX Edge Program

Host initiative: Inter-American Development Bank

Scope:

- Geographic: Global, with IDB focus on Latin America and the Caribbean.
- Sectoral: Sustainable investments (e.g: Climate resilience, renewable energy, sustainable infrastructure, bioeconomy sectors).
- Other aspects: Targets systemic FX risk barriers that constrain climate investment; integrates policy reforms, IDB supported FX-hedge mechanisms and financial solutions to mobilize foreign capital for sustainable development.

Plan to Accelerate FX Edge Program

  - *Rationale: The program expands the supply FX-hedge instruments with enhanced conditions through IDB FX-hedge conduit and scales supply of private capital for sustainable and climate-smart productive investments through tailored financial and FX-hedging solutions.*

- **Demand:** Medium maturity
  - *Rationale: The program incentivizes engagement of local financial institutions and other financial agents (eg. asset managers) to strengthen project pipelines aligned to countries' priorities and specific eligibility criteria, which could be potentialized by the program's tailored financial solutions and competitive mechanisms (eg. Eco Invest Brasil).*
- **Public/private finance:** Medium maturity
  - *Rationale: FX Edge increases availability of long-term FX Hedge instruments with enhanced conditions and enables tailored financial solutions to increase foreign capital mobilization to scale financing for sustainable and climate-smart productive investments, including liquidity and blended finance instruments. For instance, through two blended finance auctions, Eco Invest Brasil deployed more than US$ 4 billion in public catalytic capital to leverage over US$ 13 billion in sustainable investments for the ecological transformation.*
- **Partnerships and collaboration:** High maturity
  - *Rationale: FX Edge has the financial support of UKsip for its development and implementation in Latin America and the Caribbean. Establishing specific country governance and network of partners is key for successful implementation of the program, including national governments, central banks, public and private financial institutions, among other stakeholders. The case of Eco Invest Brasil is built upon a strong partnership between IDB and the Brazilian Government, including the National Treasury and the Ministry of Environment and Climate Change. IDB FX-hedge conduit will be established by a partnership between IDB and the Central Bank of Brazil. FX Edge can explore potential partnerships with donors to mobilize catalytic resources for de-risking instruments and enhancing enabling conditions.*
- **Policy & regulatory:** Medium maturity
  - *Rationale: FX Edge improves enabling conditions for public-private collaboration, and market and institutional development through enabling reforms and targeted regulatory enhancements. Eco Invest Brasil is regulated by a national law, its financial instruments are regulated by CMN (National Monetary Council) and its auctions are regulated by National Treasury decrees. Through its impact framework and eligibility requirements, Eco Invest Auctions generate results that are aligned to national development policies.*

6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity Building

Key objective: 20. Climate and sustainable finance, mainstreaming climate in investments and insurance

Solution: FX Edge Program

Host initiative: Inter-American Development Bank

Scope:

- Geographic: Global, with IDB focus on Latin America and the Caribbean.
- Sectoral: Sustainable investments (e.g: Climate resilience, renewable energy, sustainable infrastructure, bioeconomy sectors).
- Other aspects: Targets systemic FX risk barriers that constrain climate investment; integrates policy reforms, IDB supported FX-hedge mechanisms and financial solutions to mobilize foreign capital for sustainable development.

Plan to Accelerate FX Edge Program

- **Public opinion:** Medium maturity
    - *Rationale: Based on Eco Invest's impactful results recognized internationally, FX Edge was launched in Finance for Development Conference 2025 in Seville by IDB's president in partnership with UK and Brazil's governments. All Eco Invest Brasil Auctions resulted in strong engagement with market participants and wide positive press coverage. OCDE published Eco Invest as a case of its recently published blended finance guidance. IMF has also recognized Eco Invest innovative features in its 2024 Brazilian Article IV report.*

---

6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity Building

Key objective: 20. Climate and sustainable finance, mainstreaming climate in investments and insurance

Solution: FX Edge Program

Host initiative: Inter-American Development Bank

Scope:

- Geographic: Global, with IDB focus on Latin America and the Caribbean.
- Sectoral: Sustainable investments (e.g: Climate resilience, renewable energy, sustainable infrastructure, bioeconomy sectors).
- Other aspects: Targets systemic FX risk barriers that constrain climate investment; integrates policy reforms, IDB supported FX-hedge mechanisms and financial solutions to mobilize foreign capital for sustainable development.

Plan to Accelerate FX Edge Program

Expected impact of this plan on the 2030 targets (if any): High

By 2030 FX Edge aims to expand to other countries in addition to Brazil (Eco Invest Program), contributing to foreign capital mobilization for scaling financing for countries' priorities related to productive and sustainable investments, channeling FX hedge instruments through the IDB FX Hedge Conduit, improving enabling conditions for FX and capital markets and countries' institutional capacities.

The FX Edge Program was formally launched by the Inter-American Development Bank (IDB), in partnership with the United Kingdom and the Government of Brazil in the Seville Platform for Action (SPA) at the United Nations 4th International Conference on Financing for Development in July 2025.

The establishment of the FX Edge program responds to a pressing global challenge: the persistent mismatch between abundant pools of international capital and the scarcity of long-term investment in emerging markets and developing economies (EMDEs), including LAC countries. Systematic dysfunction in foreign exchange markets represents a particularly critical bottleneck, as currency risk concerns often overshadow the fundamental attractiveness of underlying investment opportunities and can be addressed through coordinated multilateral intervention.

Building on the experience of Eco Invest Brasil and through a programmatic approach, IDB will support interested LAC countries to implement the FX Edge Program to boost private capital mobilization to scale financing for countries' priorities related to productive and sustainable development by:

(i) increasing availability and reducing costs of long-term **FX Hedge instruments.**

(ii) improving **enabling reforms and institutional development** to strengthen market development and public-private collaboration.

6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity Building

Key objective: 20. Climate and sustainable finance, mainstreaming climate in investments and insurance

Solution: FX Edge Program

Host initiative: Inter-American Development Bank

Scope:

- Geographic: Global, with IDB focus on Latin America and the Caribbean.
- Sectoral: Sustainable investments (e.g: Climate resilience, renewable energy, sustainable infrastructure, bioeconomy sectors).
- Other aspects: Targets systemic FX risk barriers that constrain climate investment; integrates policy reforms, IDB supported FX-hedge mechanisms and financial solutions to mobilize foreign capital for sustainable development.

Plan to Accelerate FX Edge Program

(iii) tailoring **financial solutions** with robust program governance, competitive capital allocation mechanisms, social and environmental management and impact monitoring systems to scale capital mobilization and impact.

Output	Action Scope	Action	Type of action	Implementation Lever	Responsible	Time horizon	Stakeholder engagement[1]	Committed Stakeholders
FX Edge Handbook	Global	Publish Handbook	Existing a…	Knowledge & …	IDB	June 20…	MDBs	IDB, Brazil Ministry of Finance
Country Readiness Assessment	LAC	Complete readiness assessments in pilot countries	New action	Partnerships …	IDB	Novemb…	Countries	Interested Governments
IDB's FX Hedge Conduit	LAC	Implement FX Hedge Conduit in Brazil and other countries	New action	Supply	IDB	June 20…	Countries	Central Banks of interested countries

[1] Such as national governments, companies, investors, cities and local governments, technical institutions, MDBs, regulators & public agencies, utilities & system operators, youth & indigenous peoples groups, multi-stakeholders platform (non-exhaustive)x

6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity Building

Key objective: 20. Climate and sustainable finance, mainstreaming climate in investments and insurance

Solution: FX Edge Program

Host initiative: Inter-American Development Bank

Scope:

- Geographic: Global, with IDB focus on Latin America and the Caribbean.
- Sectoral: Sustainable investments (e.g: Climate resilience, renewable energy, sustainable infrastructure, bioeconomy sectors).
- Other aspects: Targets systemic FX risk barriers that constrain climate investment; integrates policy reforms, IDB supported FX-hedge mechanisms and financial solutions to mobilize foreign capital for sustainable development.

Plan to Accelerate FX Edge Program

Output	Action Scope	Action	Type of action	Implementation Lever	Responsible	Time horizon	Stakeholder engagement[1]	Committed Stakeholders
FX Hedge for Foreign Equity Capital	Brazil	Implement Eco Invest Foreign Equity FX-protected Auction	New action	Public/private …	National Treasury	Novemb…	Multi-stakehol…	IDB, Public and Private Banks, Investors
Blended Finance, FX Hedge and Liquidity Facility for Foreign Debt Capital for the Amazon Region	Brazil	Implement Eco Invest Foreign Debt Blended Finance, FX Hedge and Liquidity Facility Auction for the Amazon Region	Existing a…	Public/private …	Brazil National Treasury	June 20…	Regulators & …	IDB, Public and Private Banks, Investors
Technical Assistance for Enabling Reforms and Program Implementation	LAC Countries	Deliver technical assistance for enabling reforms and program implementation in pilot countries	New action	Policy & regul…	IDB	Novemb…	Countries	Interested Countries