

Success Story LAGreen Fund

Costa Rica's Blue Bond Momentum



Country: Costa Rica

Theme: Sustainable Agriculture, Water Management, Circular Economy

Investee: Banco Nacional de Costa Rica

Date of investment: 2024

SDGs supported: 2; 6; 8; 9; 12; 14*

Project summary: LAGreen invested USD 10 million in Banco Nacional de Costa Rica's (BNCR) inaugural blue bond, in 2024, marking an important step in sustainable finance in the country. The bond channels capital into projects focused on water conservation and sustainable water-smart agriculture, while supporting a broader strategy to expand our regional footprint and diversify investments across Latin America.

One year on, the impact is already visible. Through blue bond financing, companies such as Azucarera El Viejo have strengthened water management systems, improving agricultural production while protecting surrounding ecosystems and communities. The result is a more resilient model, one that links productivity with environmental stewardship.

Agriculture is the largest user of freshwater and a major source of diffuse pollution. Investing in water-smart farming strengthens "source to sea" water stewardship by reducing withdrawals and limiting nutrient and pesticide runoff. These

improvements support healthier river basins and coastal waters, helping protect marine habitats while improving climate resilience and long-term productivity.

Driving Innovation and Diversification in Sustainable Finance

This investment builds on a growing presence in Costa Rica and represents a second bond transaction in the market. More importantly, it reflects a broader shift in how capital is deployed, moving beyond single-sector solutions toward a more diversified, systems-based approach.

What began with investments in sustainable construction has expanded into water-smart agriculture. This evolution is deliberate. By diversifying across sectors, the portfolio is better positioned to address interconnected environmental challenges while supporting a more balanced and resilient transition to sustainability.

Tangible Results: Water-Smart Agriculture and Beyond

At the heart of the bond is a focus on water efficiency, an increasingly critical issue given that agriculture accounts for roughly 70% of global freshwater withdrawals ([WWF](#)).

A significant share of proceeds has therefore been directed toward improving water use in agricultural production. This includes support for crops such as sugarcane, pineapple, and coffee, particularly in water-stressed and coastal regions. By promoting more efficient irrigation, reducing chemical inputs, and improving land management practices, these investments help protect Costa Rica's natural resources while maintaining agricultural productivity.

Making a Difference: Expanding Impact Across Sectors

400,000+ tons of sugar cane produced with lower water impacts

8,000 tons of coffee produced with lower water impacts

1,000+ hectares of sustainable farming supported

25% increase in water efficiency on 120 hectares of coffee farms through innovative irrigation

Beyond Capital: Accelerating Sustainable Leadership

The impact of the blue bond extends beyond financing alone. Through our Advisory and Capacity Building, BNCR has strengthened its ability to identify, track, and report on eligible blue bond activities.

This collaboration not only enhances transparency and accountability but also supports the adoption of best practices in environmental governance. In doing so, it helps position local institutions as leaders within Costa Rica's evolving sustainable finance ecosystem.

Impact Spotlight

The real significance of the blue bond becomes clear at the project level. In regions such as Guanacaste, one of Costa Rica's driest areas, water stress and climate pressures continue to challenge agricultural production.

Against this backdrop, Azucarera El Viejo has used blue bond financing to modernize its operations and strengthen resilience. By implementing water-saving technologies, upgrading treatment systems, and expanding biodiversity initiatives, the company has reduced water consumption by over 30%. At the same time, it has enhanced clean energy generation and improved ecosystem protection.

This example illustrates how well-structured thematic bonds can translate into real-world impact. By strengthening the bond framework and improving impact reporting, the investment also boosts investor confidence and contributes to setting a higher standard for sustainable finance in the region.

Check out the [video here!](#)

“For Azucarera El Viejo, the blue bond has been fundamental because it represents the company’s sustainability. It means caring for nature, protecting water resources, and supporting surrounding communities. And for us, above all, it is a conviction that the land is not a legacy from our grandparents, but a loan from our children.”

Alfonso Gómez Jenkins, Vice President, Azucarera El Viejo

*SDG's supported are defined at framework level.

Source <https://lagreen.lu/costa-ricas-blue-bond-momentum/>