

# FROM CRISIS TO GROWTH:

Estímulo's deployment of  
catalytic capital in response  
to a climate emergency in  
Brazil

Latimpacto





## About Estímulo

Estímulo is a Brazilian not-for-profit organization founded in 2020 with the mission of preserving jobs and bolstering micro and small enterprises (SMEs) through accessible finance. It operates in a blended finance-model by using philanthropy capital to attract and mitigate the risks of impact investing, followed by credit in favorable conditions to a sector unassisted by the traditional banking system.

This case study examines Estímulo's most innovative initiative: the fund **Estímulo Retomada RS**, created as the first climate emergency fund for SMEs in Brazil, in response to the devastating floods that occurred in the state of Rio Grande do Sul.



## The case study

In 2024, the state of Rio Grande do Sul in Brazil underwent an unprecedented climate catastrophe with floods that paralyzed the state's economy and placed at risk the survival of thousands of SMEs. In such a crisis-context, the need for fast, flexible, and accessible financial help was of vital importance.

As an organization born to provide answers to the crisis of the COVID-19 pandemic, Estímulo used its expertise to design and launch the fund **Estímulo Retomada RS**. This case study analyzes how the organization used catalytic capital to structure an innovative financial solution, while mobilizing a diverse group of actors and adapting its model to unexpected circumstances to provide effective responses to the needs of the territory.



## The issue

## addressed

The central problem to be tackled had two dimensions:

**The post-disaster economic crisis.** The floods destroyed local infrastructure, interrupted supply chains and led to a dramatic fall in SME's revenues. Many businesses were on the brink of failing, with a consequent mass loss of work posts. According to a SEBRAE (Brazilian Micro and Small Business Support Service), study cited by Estímulo's team, more than half of the region's small businesses have not yet fully recovered from that period.

**Barriers to traditional financing.** In such a crisis-scenario, conventional credit solutions are often inadequate. Their processes are sluggish, bureaucracy is excessive, and the required guarantees are beyond what weakened enterprises can offer. It was necessary to find a solution capable of overcoming these barriers and providing agile capital in just conditions.





## The catalytic solution

The solution was the creation of the fund **Estímulo Retomada RS**, a blended finance instrument specifically designed for the ongoing emergency.

This fund's model was based on the use of catalytic capital to "unlock" weightier commercial finance sources. Its financial instrument was a Receivables Investment Fund (in the Brazilian acronym, FIDC) including a layer of subordinated capital as a buffer for absorbing the initial risk, so that investing could become more attractive to other participants.

The solution was not only the financial instrument per se, but, above all, the facilitation of a trust-ecosystem with clear and complementary roles, as follows:



**Estímulo (the structuring actor):** Estímulo was the central organization that designed the FIDC, coordinated its partners and managed its operations, based on its expertise in blended finance and support to SMEs;



**Regenera RS (facilitator in the territory):**

Regenera RS was the organization that connected the fund to the state's needs. Thanks to its local legitimacy, it functioned as a reliable bridge by identifying local entrepreneurs' demands and mobilizing the initial partners. Its vision was decisive so that the fund could design a long-term strategy, instead of an emergency strategy only, ensuring that support could reach even the state's smallest and most remote cities.

"We realized that we had to play this role of catalyzing resources, since it is vital to attract commercial capital for complementing the philanthropic resources"

Beatriz Johannpeter  
Director of the Helda Gerdau Institute and of Regenera RS.



**Instituto Ling (the philanthropic catalyst):**

The Ling Family made the largest donation of Estímulo's history - a gesture that enabled the fundamental seed capital of the initiative. Even more importantly, their fast and generous donation served as a reliability linchpin that prompted the participation of other donors and strategic partners.



**Itaú Unibanco (the institutional legitimator):**

The early support of one of the country's largest banks was another key factor. By joining as a "complementary partner", instead of a competitor, Itaú Unibanco crucially conferred legitimacy and validation to the initiative. Its collaborative attitude was key for attracting other actors from the private sector and showed that in a moment of crisis, social commitment must rise above the market's rationale.



## Results

The Estímulo Retomada RS fund not only met its initial objectives, but also established relevant precedents in the field of impact finance.

Quantitative impact (by November 2025):



**BRL  
56 million**

in credit was made available  
for SMEs in Rio Grande do Sul.



**777  
entrepreneurs**

were directly supported.



**9,800  
jobs**

were positively  
impacted.



Credit was  
distributed to  
**129  
cities**  
statewide.



**29%**  
of the credit  
was deployed  
to women-led  
enterprises.



**32%**  
were deployed to  
entrepreneurs who had  
not yet accessed formal  
credit.

Strategic and innovative achievements:



**Brazil's first climate-emergency fund for SMEs was created:** Through the successful design and execution of a pioneering model in response to a natural catastrophe, the fund established a precedent for future initiatives.



**Unprecedented capital deployment:** This was a first case of subordinated and catalytic joint investment, which brought together actors as diverse as private banks (Itaú), mixed-economy banks (Banrisul), foundations, family offices and companies. Such a complex operation represented a real innovation in Brazil's financial sector.



**Resilience and operational growth:** Despite a slowdown in the pace of credit availability between November and December 2024, the fund demonstrated a great capacity for adaptation. After a strong initial momentum (in which BRL6.6 million were offered only in October 2024), important adjustments allowed it to resume its rhythm and reach a total of BRL56 million by November 2025.



**An adaptative financial product was developed:** Success was also attained in the redesign of this credit product, which enabled more favorable conditions (a timeframe of up to three years, in addition to a grace period of six months), with conditions more adjusted to the payment-capacity of local entrepreneurs and their needs in a recovery-context.

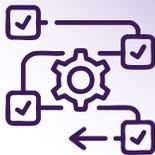
# Conclusions and lessons learned

The experience of the Estímulo Retomada RS Fund offers valuable lessons related to the design, execution and scalability of catalytic capital-initiatives.

These lessons include the following key factors of the Fund's operational success:



**Structuring of a reliable ecosystem.** Success hinged not only on capital per se, but also on the interconnectedness of different partners and on clearly defined roles. The legitimacy and local linkages of Regenera RS, the expression of trust by Instituto Ling, and the institutional validation by Itaú were essential elements for building the necessary credibility, which made possible the Fund's effective operations amid a natural disaster-context.



**Agility and adaptability are crucial features.** This case's most important lesson was the need to "adjust the trajectory while moving". The initial slowdown in the rhythm of credit approval forced the Fund's team to revise its credit policy and redesign the product in January 2025. Without this flexibility and response capacity, the Fund would not have reached its current scale.



**The indispensability of locals' presence.** Hiring a full-time representative from the state was a key inflection point, as she played a decisive role in bolstering strategic partnerships with local actors (SEBRAE, FEDERASUL and others) and in facilitating a deeper understanding of the territory's reality, through which the Fund was able to resume its growth pace.



**Strategic communications as a far-reaching mobilization-element.** Effective communications through multiple outlets (such as digital marketing, the press, and partnerships with trade associations) were essential for ensuring that local entrepreneurs quickly learned about the opportunity at a crucial moment.

Lessons learned in the structuring of catalytic capital:



**Aligning expectations is a challenge and a necessity.** Mobilizing capital from such diverse sources (banks, foundations, family offices, companies) requires intense negotiation-efforts to align all actors' expectations about risks, returns, and impact. Mobilizing capital from such diverse sources (banks, foundations, family offices, companies) requires intense negotiation-efforts to align all actors' expectations about risks, returns, and impact.



**Transcending the competition-logic for the common good.** A key lesson - exemplified through Itaú's attitude - is that traditional financial actors must see impact organizations as complementary partners for providing responses to crises. Such a collaborative mindset is crucial for unlocking private capital.



**Catalytic capital is the "key" to this model.** This experience confirms that by assuming the first layer of risks, philanthropic capital is absolutely essential for "unlocking" much weightier sums from commercial and impact capital sources - which, in other conditions, would not participate in high-risk projects.



**Catalytic philanthropic capital as an expression of trust.** The experience with the Ling Institute shows that a significant and agile donation not only makes a financial contribution, but also acts as a powerful gesture that prompts and attracts additional investors and partners.

Current challenges and vision of future:



**Success does not guarantee the next financing stage.** The Fund's main current challenge is its ability to raise new resources for amplifying its impact. Despite its model's proven efficacy, and despite a growing demand, it has not been easy to increase its pool of investors.



**Onsite necessities continue to exist.** Work is not over. A SEBRAE study points out that more than half of the region's small businesses have not yet fully recovered from the disaster, a finding that unveils the urgent need for new funds.



**Sustainability requires a standing commitment.** The final lesson learned is that for a project of this type to generate a lasting impact, a sustained commitment by its strategic partners is necessary to unlock new growth stages and ensure that resources will continuously flow to where they're most needed.



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