

# Annual Report 2018





# Annual Report 2018

CAF is a multilateral financial institution whose mission is to support the sustainable development of its shareholder countries and the integration of Latin America.

Its shareholders are: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru, Portugal, Spain, Trinidad and Tobago, Uruguay, Venezuela and 13 private banks in the region. CAF assists the public and private sectors, providing multiple products and services to a wide portfolio of clients constituted by shareholder countries, private companies and financial institutions. The institution's management policies integrate social and environmental variables, and all of its operations take into account sustainability and eco-efficiency criteria. As a financial intermediary, the bank mobilizes resources from international markets to Latin America to promote investment and business opportunities.

# Shareholder Countries

**2001** ARGENTINA | **2015** BARBADOS | **1970** BOLIVIA | **1995**  
BRAZIL | **1992** CHILE | **1970** COLOMBIA | **2002** COSTA RICA  
| **1970** ECUADOR | **2002** SPAIN | **1999** JAMAICA | **1990**  
MEXICO | **1997** PANAMA | **1997** PARAGUAY | **1970** PERU  
| **2009** PORTUGAL | **2004** DOMINICAN REPUBLIC | **1994**  
TRINIDAD AND TOBAGO | **2001** URUGUAY | **1970** VENEZUELA

# Content



**6**

Message from the Executive President



**8**

2018 Highlights

**10**

Operations and development contributions

**30**

Shareholder countries



**60**

Integral Development Agenda



**94**

International relations and alliances for the region's development



**102**

Knowledge management

**110**

Virtual training

**114**

Management's review of CAF's financial evolution



**124**

Audited financial statements

**135**

Governing bodies and chief corporate officers

**136**

Board of directors

**137**

Executive management

**138**

Offices

# Message from the Executive President

---

At the end of 2018, in a global context characterized by growing uncertainty, mainly attributable to political factors, we can point to several external and internal issues that affected Latin America's economic performance.

However, despite the current situation, the explanation for our region's limited growth recovery does not lie exclusively in merely cyclical aspects derived from a somewhat less favorable external environment, but reflects a more complex and structural problem: low productivity.

If Latin America wants to increase its participation in global and regional markets, it is essential that efforts be made to raise productivity and resume the path of growth. This will make it possible for the region not only to maintain the social gains achieved at the beginning of the 21st century, but also to generate sustained improvements in living standards for all its inhabitants. If we review what other regions did to become high-income economies, we can quickly identify a common denominator: the existence of extensive political consensus that exceeded short-term visions.

In this regard, at CAF, we have redoubled our efforts to promote and lay the foundations of agreements at cross-industry levels to achieve structural reforms that can lead to increased productivity, urban development and improved infrastructure, as well as the efficient performance of logistics corridors, to name just a few of the main key aspects for a more competitive region integrated with the world. The generation of knowledge, credit operations and widespread discussion forums reflect our efforts to make important strides toward achieving the development solutions our countries need.

In the business sphere, 2018 was a record year for CAF in terms of credit approvals for our member countries. We allocated a total of USD 13.7 billion to finance various initiatives in critical areas of regional development that will have a positive impact on the quality of life of more than 8 million Latin Americans.

The good operating results, combined with efficient financial management and cost containment, allowed us to close 2018 with profits of USD 311 million, a historic high for the institution. Thanks to our strong performance,



we will be able to allocate additional funds in 2019 to those programs that contribute to the sustainable development of the countries in the region.

The institution also set a new bond issue record—a total of USD 4.9 billion in 2018—ensuring a suitable channeling of international funds to the region. CAF's first Green Bonds placements totaled USD 132 million, and we achieved the largest private placement in the history of CAF for an amount of USD 525 million.

But the most significant aspect of these figures is that they will make it possible to reach millions of Latin Americans with new interventions to improve their living conditions. This year's approvals will be reflected in educational infrastructure projects that will benefit more than 350,000 students; in the increase of energy access and security for more than two million people; and in the construction of more than 9,000 kilometers of fiber optics that will boost connectivity for another 5 million Latin Americans, among many other social inclusion initiatives and projects. In turn, 2,000 kilometers of roads will be built or rehabilitated, and 650,000 people will travel using new or improved modes of transportation.

Looking toward 2019, I would like to thank the invaluable support of governments, shareholders, members of the Board of Directors and the great work of CAF's employees, which made it possible for us not only to achieve these good results, but, above all, to continue making decisive progress to strengthen this institution with the sole objective of contributing significantly to a better quality of life for all Latin Americans. ■

**Luis Carranza**  
Executive President



# 2018

---

## Highlights

CAF measures the contributions to development indicators of its approved credit operations over the course of the year, specifically from its programs, investment projects, corporate loans, and capital investments. Some of the main highlights from 2018 include:





2,427,031

**beneficiaries**

of new or better energy infrastructure



5,020,000

**beneficiaries**

of new telecommunications infrastructure



5,962

**Km**

of transmission and distribution lines (installation or rehabilitation)



649,390

**passengers**

using new or improved sustainable transport modes



2,523,314

**beneficiaries**

of new or improved drinking water and sewerage connections



12,583

**hectares**

of land surface benefited by irrigation infrastructure



358,228

**students**

enjoying improved education infrastructure



2,066,235

**beneficiaries**

of improvements to their natural surroundings

**Total assets**

**2018**  
USD 40.0  
billion

**Liquid assets**

**2018**  
USD 13.0  
billion

**Loan and investment portfolio**

**2018**  
USD 25.6  
billion

**Net equity**

**2018**  
USD 11.9  
billion

**Operating income\***

**2018**  
USD 311  
million

**Paid-in capital**

**2018**  
USD 8.8  
billion

**2017**  
USD 38.1  
billion

**2017**  
USD 12.7  
billion

**2017**  
USD 24.1  
billion

**2017**  
USD 11.1  
billion

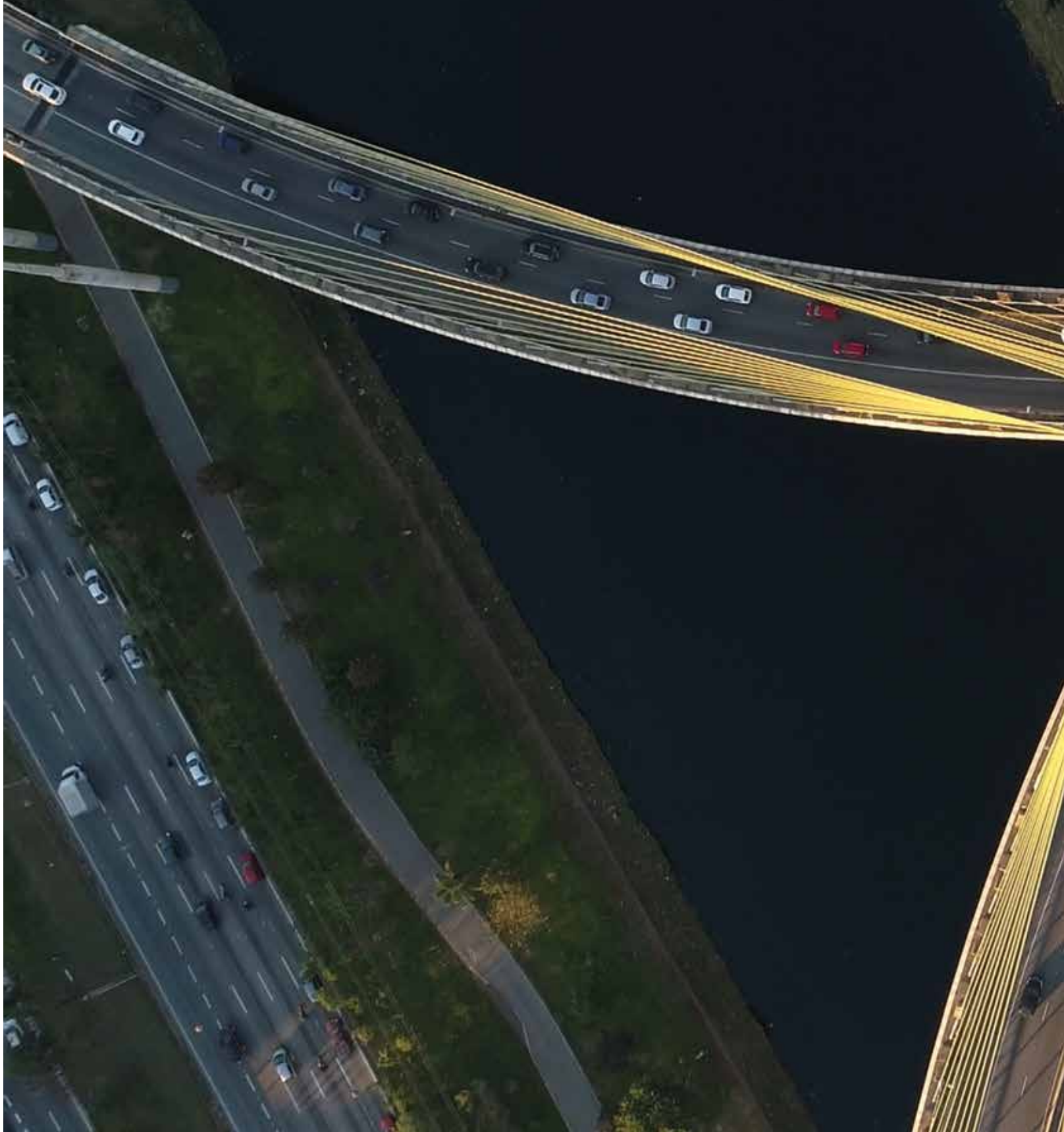
**2017**  
USD 164  
million

**2017**  
USD 8.2  
billion

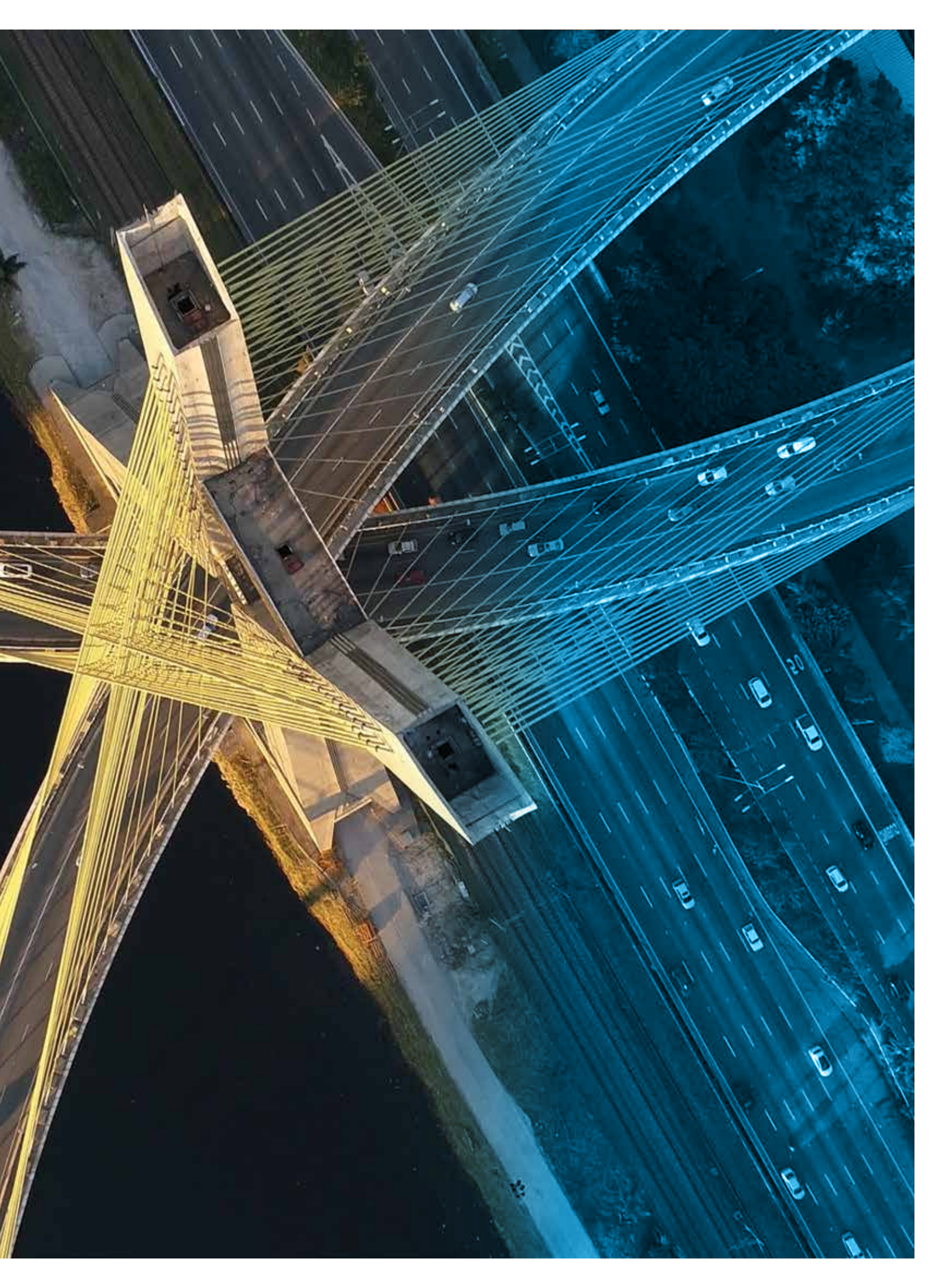
(\*) Operating income is defined as net income before changes in the fair value of financial instruments and contributions to special funds.



# Operations and Development Contributions









Throughout 2018, CAF continued to implement the 2017-2022 Strategic Vision for the organization defined by the Executive President at the beginning of his term.

We geared our operations toward a more integral and multisectoral approach with the aim to increase the quality of our interventions and achieve a greater impact on the region's development.

Along these same lines, we produced novel material for the design of country strategies, including a new document called Challenges and Opportunities for Development (ROaD), which aims to identify the restrictions on growth and development that countries face. Additionally, we targeted our technical cooperation resources more emphatically to financing business initiatives with the aim to strengthen the public agencies that are in charge of designing and executing CAF projects and provide support throughout a project's lifecycle to ensure the attainment of its objectives.

We continued to measure the development contribution indicators for the operations we financed, to generate visibility around CAF's actions as a development bank beyond just the granting of financial resources. Development contributions mean the aggregate support lent by CAF's interventions to achieve the development objectives defined for each operation. We measure and report the specific products CAF finances with credit, equity investment and technical cooperation resources, along with an approximation of the results (beneficiaries) expected from these interventions.

With respect to internal operational efficiency, in 2018, multiple improvements were designed and implemented at every stage of the credit process to preserve speed and efficiency, two essential attributes that ensure CAF's optimal performance and the delivery of high-quality products to the bank's clients. Some

of these improvements include the design and undertaking of a pilot test to apply the earned value analysis (EVA) methodology to CAF's sovereign investment programs and projects in order to assess their progress in terms of the physical and financial implementation of operations; the design of a methodology to capture the voice of the customer by analyzing a set of customer satisfaction surveys conducted among the institution's external clients; and the optimization of the procedure associated with follow-up missions to strengthen the efforts that support sovereign lending operations and capture the knowledge generated from [those] operations.

Finally, based on the institution's strategic objectives and vision, we structured and designed a Digital Transformation project to adopt technologies, processes and methodologies that can enhance value to our clients and improve efficiency and effectiveness for our organization.

CAF's results for 2018 presented below are broken down in terms of our operational management and our interventions' contribution to development [in the region].



# Operational Management 2018

## Approvals

In 2018, economic recovery in Latin America began to slow down as a result of the weakening of its main economies, which were affected by international trade tensions and increased foreign exchange and financial pressures. These impacts were amplified in some countries due to the specific vulnerabilities of their economies, although there were no signs of contagion in the region. In this regard, it is estimated that growth in 2018 will be 1.2%, slightly below the 1.3% recorded in 2017, with a high degree of heterogeneity among the different countries.

In this context, the demand for financing from our shareholder countries was higher than estimated at the beginning of the year, especially for budget support operations that served as mitigators of current macroeconomic challenges faced by some countries. However, an important part of the financing went to long-term investment programs and projects that contribute to the fulfillment of countries' development objectives.

Thus, in 2018, 150 operations were approved for a total financing of USD 13.7 billion, that is, USD 1.4 billion more in approvals than in 2017 (Graph 1).

GRAPH 1. Total Approvals (in millions of USD)

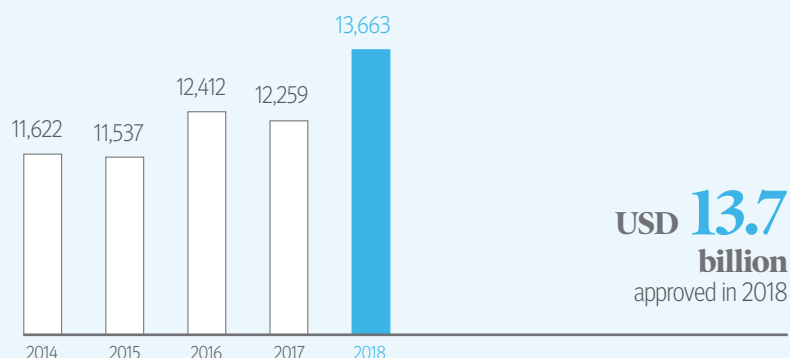


Table 1, which breaks down approvals by type of risk and by product, indicates that 54% of approvals were backed by a sovereign guarantee, including USD 3.9 billion in long-term loans prioritized by CAF in agreement with the governments of our shareholder countries. On the non-sovereign side, CAF granted USD 285 million in corporate and A/B loans, contributing to improved productivity of the companies receiving the financial resources. Finally, USD 18 million were granted in technical cooperation resources to complement the financial support provided by the institution.

**TABLE 1. Approvals by Product** (in millions of USD)

<b>Sovereign</b>	<b>7,366</b>
Loans	3,931
Investment projects and programs	2,321
Policy-based loans (PBL) and SWApS	1,610
Contingent credit lines	2,500
Lines of credit	935
<b>Non-sovereign</b>	<b>6,280</b>
Corporate loans	165
A/B loans	120
A Tranche	30
B Tranche	90
Lines of credit	5,972
Corporate	228
Financial	5,744
Partial credit guarantees	0
Stock holdings and investment funds	23
<b>Development cooperation funds</b>	<b>18</b>
<b>Total approvals</b>	<b>13,663</b>
<b>Mobilization of third-party resources</b>	<b>996</b>

Among the country-specific operations, CAF approved USD 1.6 billion for Argentina to support it in its efforts to face the adverse macroeconomic environment that began in the second quarter of the year. Likewise, funds for Brazil, Colombia and Peru, granted in the form of corporate, financial and contingent credit lines, represented 41% of the total approved (see Table 5).

A breakdown by economic sector reflects the support given to a large variety of productive infrastructure initiatives (energy, transport and telecommunications) aligned with the development strategies of the countries, with approvals for USD 1.6 billion. In the sustainable development sector, USD 1.7 billion were approved for operations in water and sanitation, education, and urban development, which reflects CAF's interest in supporting the countries' most vulnerable sectors.

In regard to operations related to issues of macroeconomic stability and structural reforms, USD 3.5 billion in funds were approved in 2018, which will allow CAF to accompany shareholder countries in their counter-cyclical programs, through budget support loans and contingent liquidity lines of credit.

Finally, in the productive and financial sector, USD 6.9 billion in loans and credit facilities were approved for public and private companies and banks with the objective of strengthening the existing relations with clients in these sectors and expanding the client base.

## Mobilization of Third-party Resources

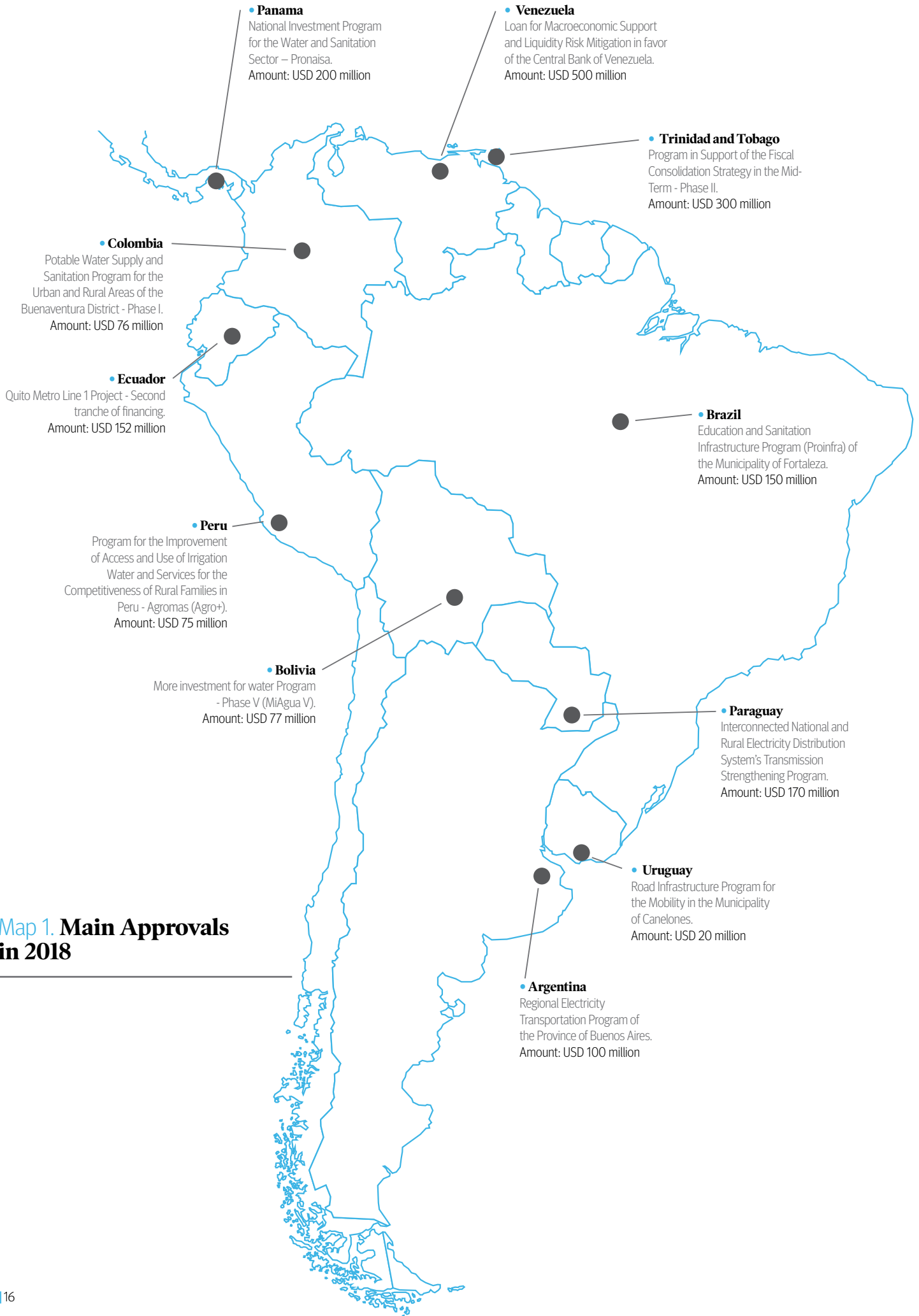
During 2018, in addition to direct financing, CAF mobilized third-party resources through an ample range of catalytic mechanisms like co-financings, A/B loans, and technical cooperation funds (see Table 2). Particularly noteworthy are the USD 321 million of sovereign co-financing that contributed to enhance the impact of CAF's interventions in the region by complementing and expanding the leverage of the institution's own resources, as well as the USD 500 million from the second infrastructure financial trust fund in Uruguay (Fondo de Deuda para Infraestructura en Uruguay II).

**TABLE 2. Mobilization of Third-party Resources, 2018** (in millions of USD)

Sovereign co-financing transactions	321
Non-sovereign co-financing transactions	36
B tranches of A/B loans	92
Thematic Investment Vehicles	500
Technical cooperation funds	48
<b>Total</b>	<b>996</b>
Portfolio sales	36

On the other hand, during 2018, USD 48 million of third-party resources were used for technical cooperation operations, including: Metro of Panama; Ecological Integrity and Sustainability of the Plurinational System of Protected Areas - GEFTF of Bolivia; Chile - Ecuador Regional Project: Reduce climate vulnerability and flood risk in urban and semi-urban coastal areas in Latin American cities; and the Argentina - Uruguay Regional Project: Climate change adaptation in cities and vulnerable coastal ecosystems along the Uruguay River .

Furthermore, over the course of the year, portfolio sales in the amount of USD 36 million were made, which created space for new operations.



Map 1. Main Approvals in 2018

# Special CAF Development Cooperation Funds

In line with the institution's objectives and strategic areas, CAF spearheaded technical cooperation operations with an integral approach throughout 2018, seeking a greater link with business initiatives and with the goal of achieving a greater impact on the region's development. Additionally, the contribution of technical cooperation to institutional strategic areas as well as the results of these interventions are being evaluated.

In fact, in 2018, a total of 123 operations were approved with resources from CAF's Special Funds, with USD 18 million for technical cooperation, complementing the institution's financial actions.

**TABLE 3. Special Funds Approvals by Fund, 2018** (Number of operations and millions of USD)

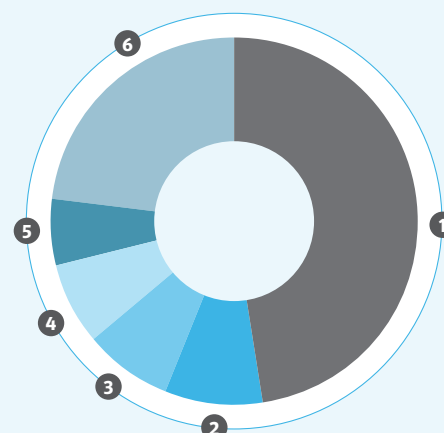
Fund	Number of operations	Amount
FCT	116	16.7
FONDESHU	7	1.1
<b>Total</b>	<b>123</b>	<b>17.8</b>

Most of these resources came from the Technical Cooperation Fund (FCT), which financed 94% of the total approvals, while the remaining 6% was financed with resources from the Human Development Fund (FONDESHU).

Of the total approvals in 2018, USD 9.3 million (53%) went directly to the shareholder countries, while the remaining USD 8.5 million (47%) was used to finance multinational projects and programs.

**GRAPH 2. Special Funds Approvals by Beneficiary, 2018**

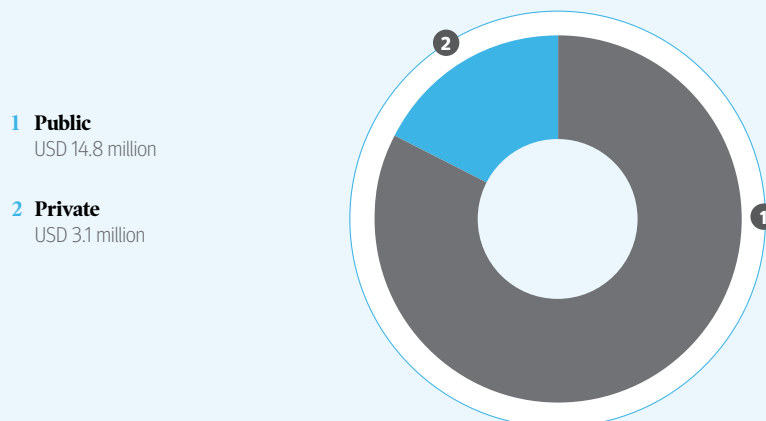
- 1 Multinationals**  
USD 8.5 million
- 2 Ecuador**  
USD 1.5 million
- 3 Peru**  
USD 1.4 million
- 4 Argentina**  
USD 1.3 million
- 5 Colombia**  
USD 1 millón
- 6 Others (less than 1 million)**  
USD 4.1 million



Additionally, most of the resources used from the CAF's Special Funds financed public sector operations that accounted for 83% of the 2018 approvals (USD 14.7 million), while the remaining USD 3.1 million financed operations in the private sector (17%).

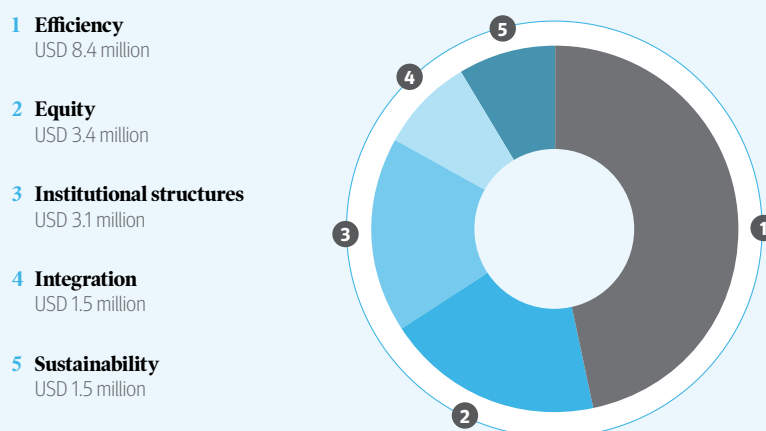


**GRAPH 3. Special Funds Approvals by institutional Sector, 2018**



On the other hand, it should be noted that during 2018 CAF's operations were structured in line with the strategic areas established by the Executive Presidency, either through the coordination of the institution's representation offices with the borrowers as well as the vice-presidencies' initiatives in regard to multinational operations. A breakdown of the allocation of resources from CAF's Special Funds by strategic area highlights the institution's strong commitment to efficiency, in particular CAF's alignment with Pacto por la Productividad [Productivity Pact], with approvals of USD 8.4 million, representing 47% of the total, followed by the resources allocated to the strategic areas of equity (19%), institutional structures (17%), integration (8%) and sustainability (8%).

**GRAPH 4. Special Funds Approvals by Strategic Area, 2018**



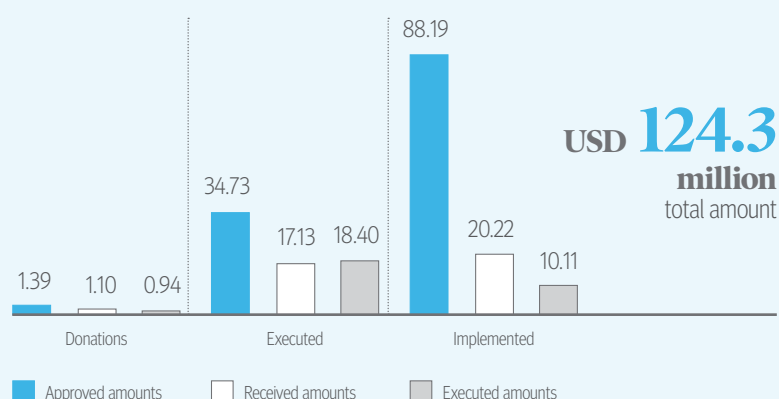
Throughout 2018, CAF spearheaded technical cooperation operations with an integral approach, seeking a greater link with business initiatives and with the goal of achieving a greater impact on the region's development.

# Third-Party Resources for Cooperation Development

At the end of 2018, third-party approved resources totaled USD 124.3 million<sup>1</sup>, of which 71% corresponded to implemented funds, 28% to executed resources, and the remaining 1% to donations. From the total of these approved funds, USD 38.5 million were received and USD 29.5 million were executed.

**GRAPH 5. Third-party Resources, 2018** (in millions of USD)

## Approved vs. Received vs. Executed



The main operations in 2018 include the following:

- In the framework of the LAIF program, studies were commissioned for EUR 3 million.
- The United Nations Adaptation Fund assigned CAF two projects to manage for a total of USD 25.9 million in approved funds: the Argentina/Uruguay regional project for the adaptation to climate change in vulnerable coastal cities and ecosystems along the Uruguay River for USD 13.1 million; and the Chile/Ecuador regional project to reduce climate vulnerability and flood risk in urban and semi-urban coastal areas in Latin American cities for USD 12.9 million.
- The Global Environment Fund (GEF) approved donation resources for USD 2 million for the Rio de la Plata Basin Strategic Action Program (SAP).
- CAF approved the administration of GEF funds in the amount of USD 13.5 million for three projects: Ecological Integrity and Sustainability of the Plurinational System of Protected Areas for USD 9.4 million; Sustainable Framework for Productive Chains in Paraguay for USD 2.05 million; and USD 2.05 million for the implementation of the Guarani Aquifer SAP.
- The Green Climate Fund (GCF) approved USD 1.5 million in resources from its Readiness facility for two countries (sub-national Chile and Panama). It also approved technical cooperation resources for USD 1.3 million for the Sustainable Transport Systems Program in Intermediate Cities project: Pasto, Pereira, Montería, Valledupar (STIC Program) in Colombia.

1. Includes only grant amounts. Reference exchange rate. EUR: 1.15 / GBP: 1.28.

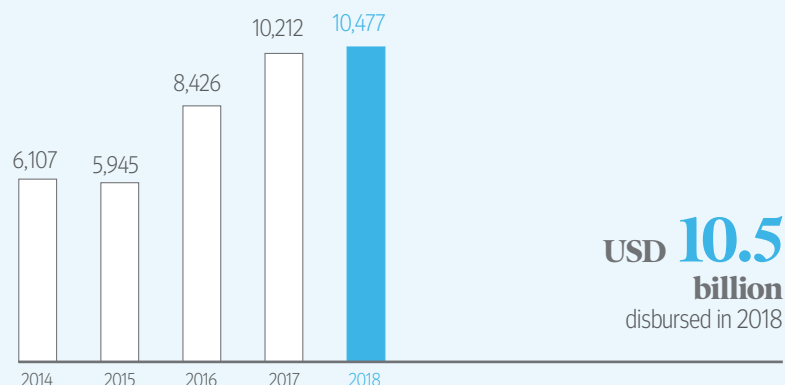
- CAF approved the administration of GCF funds in the amount of USD 3.4 million for two projects: National Adaptation Plan (NAP) of Mexico for USD 2.8 million and Low-emission agriculture resilient to climate change for USD 0.6 million.
- The German Federal Ministry of Economic Cooperation and Development (BMZ) approved a donation of USD 0.2 million for the project Prevention and improvement of the perception of violence and sexual harassment against women and girls in urban public spaces in Bogota.

It is worth mentioning that, continuing with its efforts to channel resources to the region, CAF is in the process of being accredited by the Caribbean Investment Facility of the European Commission.

## Disbursements

During 2018, CAF disbursed USD 10.5 billion to its shareholder countries—a historical high for the institution (see Graph 6)—due in large part to the dynamics and high turnover of short-term credit lines. The disbursed amount represents an increase of 3% over the previous year (about USD 250 million).

GRAPH 6. **Total Disbursements** (in millions of USD)



Disbursements of sovereign loans totaled USD 3.4 billion, which reflects CAF's commitment to support the needs of our shareholders (see Table 4). Disbursements of resources from CAF's Special Funds amounted to USD 16.9 million in 2018, of which USD 15.1 million executed with FCT resources, and USD 1.7 million, with FONDESHU resources.

Given the use of short-term financial credit lines in Colombia and Peru, 43% of disbursements were concentrated in these two countries, which is in line with the disbursement trend of the last five years (see Table 6). Sovereign disbursements to be highlighted are the USD 775 million granted to Argentina and the USD 550 million granted to Ecuador as part of CAF's continued support of vital infrastructure projects and works for these countries' development.

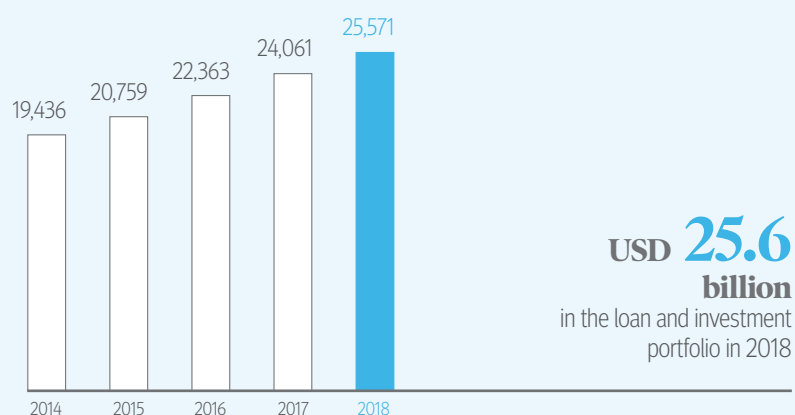
**TABLE 4. Disbursements by Product, 2018** (in millions of USD)

<b>Medium and long-term loans</b>	<b>3,827</b>
Sovereign	3,376
Investment projects and programs	1,375
Policy-based loans (PBL) and sector-wide approaches (SWApS)	2,001
Non-sovereign	451
<b>Credit lines (companies and banks)</b>	<b>6,546</b>
<b>Stock holdings and investment funds</b>	<b>87</b>
<b>Cooperation funds</b>	<b>17</b>
<b>Total</b>	<b>10,477</b>

## Loan and Investment Portfolio

CAF'S loan and investment portfolio totaled USD 25.6 billion at the end of 2018, which represents an annual growth of 6.3% and a net increase of USD 1.5 billion. Of the total amount, USD 25.1 billion were allocated to loans and USD 460 million to capital investments. Portfolio growth in 2018 followed the trend of recent years (see Graph 7), which allows CAF to meet the prioritized demands of its shareholder countries without putting at risk the institution's financial solvency. The sustained growth is mainly explained by two factors. One is the sovereign disbursements executed for investment programs and projects, which contribute to CAF shareholder countries' attaining their development objectives. The other one is policy-based loans and sector-wide approaches, which also help mitigate the adverse impacts of the regional macroeconomic context.

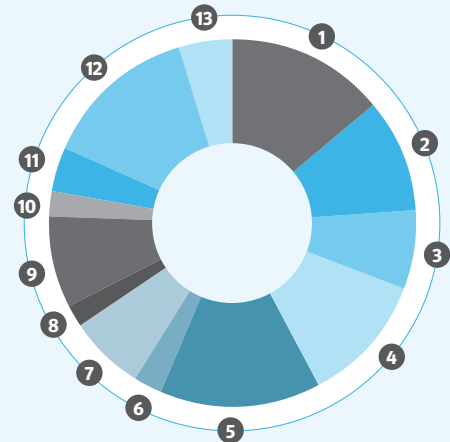
**GRAPH 7. Loan and Investment Portfolio** (in millions of USD)



In terms of the type of risk in the portfolio, 81.1% is sovereign risk, while the remaining 18.9% is non-sovereign risk. In the last five years the composition of the portfolio by type of risk has changed as a result of a higher number of sovereign investment programs and projects, as well as freely available and rapid disbursement budgetary support loans, which have given more weight to the institution's sovereign portfolio.

The geographical distribution of the portfolio at the end of 2018 (see Graph 8) has continued to improve with respect to recent years, given that the highest relative share per country was recorded in Argentina and Ecuador, with 14% of the total portfolio, whereas in previous years the highest relative shares were close to 15%. Moving forward, we expect to continue along this path to achieve an equal distribution of CAF's loan and investment among all the shareholder countries, so that the relative share of a single country does not exceed 13% of the portfolio.

**GRAPH 8. Loan and Investment Portfolio by Country, 2018**

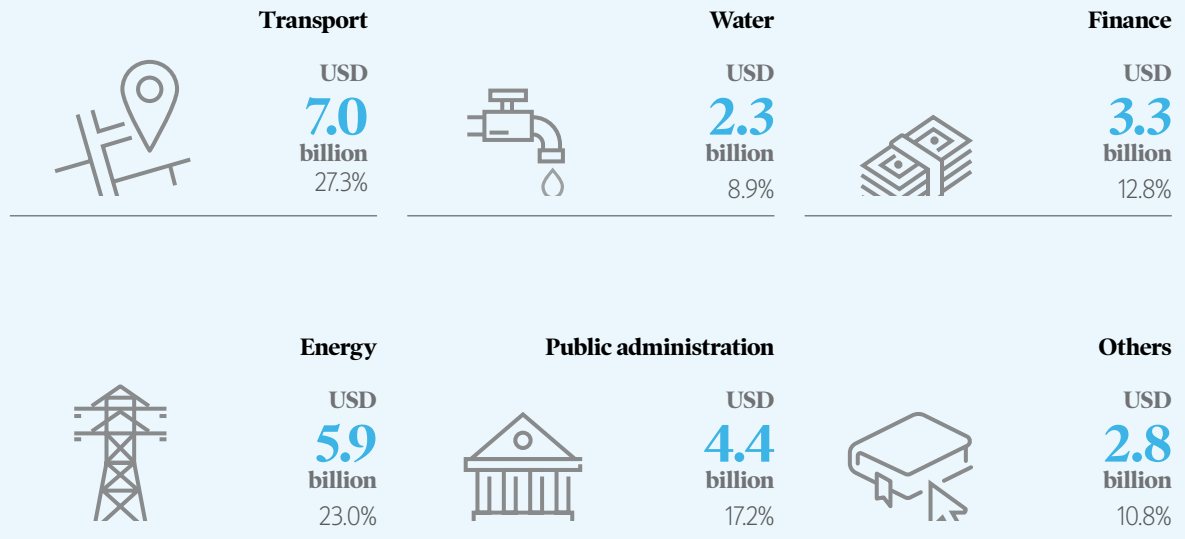


<b>1 Argentina</b> 14.0%	<b>5 Ecuador</b> 14.0%	<b>8 Paraguay</b> 1.8%	<b>11 Uruguay</b> 3.8%
<b>2 Bolivia</b> 10.1%	<b>6 Mexico</b> 2.6%	<b>9 Peru</b> 8.0%	<b>12 Venezuela</b> 13.7%
<b>3 Brazil</b> 6.8%	<b>7 Panama</b> 6.7%	<b>10 Trinidad and Tobago</b> 2.3%	<b>13 Other countries</b> 4.6%
<b>4 Colombia</b> 11.5%			

Finally, Graph 9 breaks down CAF's portfolio by economic sector, which was concentrated mainly in productive infrastructure (energy, transport and telecommunications), representing 51.2% of the total, and in social infrastructure (mainly water, education and urban development), with 15.8% of the total. As a result, 67% of CAF's portfolio was tied to infrastructure. The concentration of the portfolio in these sectors ratifies the institution's strategic interest in endorsing the most vulnerable population segments through the provision of basic services like roads, transport, energy, drinking water, sanitation, and urban development. In addition, this relative concentration of CAF's portfolio in infrastructure has allowed CAF to compile expertise in technical knowledge and consulting, positioning the entity as a leader of priority projects with a positive impact on the region's overall productivity.



GRAPH 9. Loan and Investment Portfolio by Economic Sector, 2018



A breakdown of CAF's portfolio by economic sector reveals a significant concentration in productive infrastructure (energy, transport and telecommunications), representing 51.2% of the total.

# Contributions to Development

To measure the contributions to development of CAF's operations, we propose a set of corporate sector-specific indicators that summarize the main scopes of interest and application of the operations. The defined set of corporate indicators are grouped together based on the institution's different lines of work, which reflect the internal consensus reached about CAF's priorities as well as best practices on an international scale in terms of the measurement of multilateral agencies' contributions to development. Combined, these development contribution indicators reflect the level of support that CAF is providing to ensure the progress of its member countries.

The selected corporate indicators of development contributions fall into two categories: product indicators, which seek to monitor the physical progress of the project, measured, for example, in kilometers of built or rehabilitated road, megawatts of electricity produced, or the installed wastewater treatment capacity; and outcome indicators, which are associated with the expected beneficiaries of a project. These are, for example, the number of users of a road or the number of individuals benefited by new energy infrastructure or a new drinking water connection.

These indicators were applied to CAF's credit operations approved over the course of 2018, specifically investment projects and programs, corporate loans, and capital investments. They make it possible to see the specific support that these operations are expected to provide a country during the implementation phase, and to monitor project progress. The main contributions to development expected from the operations are described below.

## Efficiency



### Infrastructure

**1,901**

km  
of roads (construction,  
improvement and/or  
rehabilitation)

**199**

MW  
of installed generation capacity to  
add to the national electricity grid

**5,962**

km  
of transmission and distribution  
lines (installation or rehabilitation)



### Digitization

**9,000**

km  
of fiber optics

**5,020,000**

beneficiaries  
of new telecommunications  
infrastructure

**649,390**

passengers  
using new or improved sustainable  
transport modes

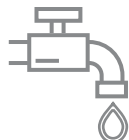
**2,427,031**

beneficiaries  
of new or better energy  
infrastructure

● Product indicators

● Outcome indicators

## Equity



### Water and sanitation

**176**

km  
of drinking water pipes

**246**

km  
of sewerage networks

**39,375**

new  
drinking water connections

**22,875**

new  
sewerage connections

**12**

wastewater  
treatment plants

**2**

drinking  
water plants

**12,583**

Ha  
of land surface enhanced by  
irrigation infrastructure

**2,523,314**

beneficiaries  
of new or improved drinking  
water and sewerage  
connections

**203,341**

beneficiaries  
of sanitation solutions

**24,750**

beneficiaries  
of irrigation infrastructure



### Education

**147**

educational  
infrastructure  
projects (construction and  
rehabilitation)

**28,982**

m<sup>2</sup>  
of educational infrastructure  
(construction and rehabilitation)



### Urban development

**358,228**

students  
benefited

**3,405**

teachers  
trained

**2,066,235**

beneficiaries  
of improvements to their  
natural surroundings



### Financial inclusion

**USD 559**

million  
in loans for small and medium-sized  
enterprises (SME)

**USD 21**

million  
in microfinance loans

**2,280**

SME  
loan recipients

**12,395**

recipients  
of microloans, of which 67.2%  
are women

## Sustainability



### Macro-fiscal sustainability

**10**

macro-fiscal  
support operations  
for a total of USD 3.51 billion



### Environmental sustainability

**21.1%**

of the total amount  
of credit operations correspond to  
green financing

● **Product indicators**

● **Outcome indicators**

## More Investment for Water (MIAGUA) Program **Bolivia**

The MIAGUA Program originates from the need to cover the rural demand for water and sanitation, which was 51% in 2011. A National Implementation Program was then created to address this demand with a focus on remote, disperse and vulnerable areas of the country, with low-complexity projects with high impact on the beneficiary families, thanks to the provision of direct drinking water connections in homes and the reduction of hours spent searching for and carrying water to and from sources, increasing productivity, quality of life, and equity, and contributing to poverty reduction. To do this, the existing cutoff lines were eliminated and exchanged for budget allocations of USD 300,000 per municipality, allowing them to choose the most equitable way to distribute them among their communities.

In this context, CAF is the main multilateral partner in the sector with USD 861 million in funds approved between 2009 and 2018, of which USD 386 million went to MIAGUA Programs.

Thanks to this program, Bolivia has made important advances in access to water and sanitation services:

- **336 of the 339** municipalities are covered.
- An increase of **10 percentage points** in water coverage.
- **200,000 connections** in drinking water.
- More than **200,000 families** with access to safe water.
- **100,000 families** with micro irrigation.
- More than **2 million beneficiaries** in the country.

Among these efforts, the social sectoral approach of DESCOM, the Bolivian Community Development strategy, fostered the participation of local communities, civil society organizations and municipal governments in drinking water projects, with a sense of social responsibility and accountability. The Integral Technical Assistance (ATI) component supported and positioned users of the irrigation systems as critical stakeholders, based on their own knowledge and experiences of handling the basic elements of their irrigation systems, to harness their self-management capacities, the adapted advantage of their water resources, and the productive resources in the intervention areas. DESCOM and ATI are evolving in a more structured manner toward a post-implementation phase aimed at strengthening operation and maintenance aspects, as well as productive diversification to ensure the sustainability of the projects, and, therefore, the financed programs.

It is also important to highlight the inclusion of a pre-investment component, given the heterogeneity of the



municipalities, which has resulted in better designs of investment projects.

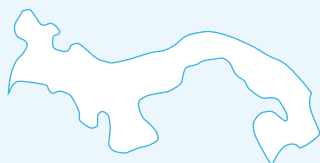
Additionally, a coordinating unit was created within the Ministry of Environment and Water in support of the program's monitoring tasks, ensuring the entire administrative framework between the client and the financier. An additional factor of success has been the National Fund for Productive and Social Investment, as executing agency, which has the technical and administrative capacity to manage the large number of projects generated under the MIAGUA umbrella.

These programs have contributed and will continue to contribute to closing gaps in coverage, quality and sustainability of the country's water and sanitation sector. The short-term objective is universal drinking water coverage. In the medium-term, universal coverage of sanitation services, and improvements in health and waterborne disease indicators are sought. And, in the long term, the goal is to contribute to a reduction in the child malnutrition index and to bolster the resilience of families to the effects of climate variability and change, providing them with safe water supply infrastructure in their communities.

Finally, MIAGUA is framed within CAF's strategy for the water and sanitation sector, contributing to the fulfillment of Bolivia's development plans, which set out specific targets for 2025, with MIAGUA as the main instrument of long-term sector policy in the country. ■

# Mobilization of Third-party Technical Cooperation Resources

---



## Feasibility Studies for Panama Metro's Line 2A

In 2018, with FASEP funds, CAF approved the feasibility studies for Panama Metro's Line 2A for USD 1 million, aimed at deepening the analysis of the pre-feasibility study of the New Master Network. These studies will allow a precise preliminary definition of development to establish the list of specifications for the tender of the final execution project. |

---



## Implementation of the Guarani Aquifer Strategic Action Program (SAP): Enabling regional actions

The GEF project for the "Guarani Aquifer Strategic Action Program: Enabling regional actions" aims to implement the actions proposed in the SAP defined during the execution of the GEF Project (2002-2009): Environmental Protection and Sustainable Development of the Guarani Aquifer System (PSAG), executed by the governments of Argentina, Brazil, Paraguay and Uruguay. The project seeks to expand the levels of cross-border cooperation to strengthen capacities and obtain greater scientific knowledge about the Guarani Aquifer System (GAS) and the responsible management of its water resources with equality, equity and social inclusion. Specifically, it will accelerate the implementation of the SAP along the following lines of action: 1) consolidation of cross-border technical cooperation; 2) design and field tests for the multipurpose monitoring network and its protocols; and 3) stakeholder participation, incorporation of the gender perspective, dissemination, and capacity building. The total amount approved for this project was USD 2,234,500. |

---



## Capacity Development for the strengthening of Colombian Regional Competitiveness Commissions

With resources from the Cross-Government Prosperity Fund (U.K.), a technical cooperation operation was approved for USD 490,675 to support the strengthening of regional competitiveness commissions in eight Colombian departments (Antioquia, Atlántico, Caldas, Cundinamarca [Bogota City], Magdalena, Meta, Santander and Valle del Cauca). The objective is to develop competencies in planning, prioritization, structuring and implementation of programs and projects that promote regional economic development. The resources will also contribute to the design of an Integrated Competitiveness, Science, Technology and Innovation Agenda in territories that do not have one in place linked to the country's competitiveness agenda and the national government institutions. |



**TABLE 5. Approvals by Country** (million de USD)

Country	2014	2015	2016	2017	2018	2014-18
Argentina	674	694	706	996	1,626	4,696
Bolivia	625	505	564	489	532	2,715
Brazil	1,903	1,234	1,371	1,253	1,476	7,237
Colombia	1,552	2,008	2,077	1,791	1,544	8,972
Ecuador	800	814	766	755	754	3,889
Mexico	549	522	575	1,007	656	3,308
Panama	299	527	595	650	694	2,764
Paraguay	181	307	548	497	476	2,009
Peru	2,415	2,336	2,139	2,306	2,551	11,747
Trinidad and Tobago	0	0	300	0	300	600
Uruguay	651	588	959	661	890	3,749
Venezuela	475	501	541	501	600	2,618
Others countries	1,498	1,501	1,273	1,354	1,564	7,190
<b>TOTAL</b>	<b>11,622</b>	<b>11,537</b>	<b>12,412</b>	<b>12,259</b>	<b>13,663</b>	<b>61,494</b>

**TABLE 6. Disbursements by Country** (million de USD)

Country	2014	2015	2016	2017	2018	2014-18
Argentina	560	481	486	1,012	1,014	3,553
Bolivia	322	315	407	536	381	1,961
Brazil	728	677	1,726	2,536	621	6,289
Colombia	1,081	1,221	1,515	1,638	2,856	8,311
Ecuador	637	754	711	550	706	3,359
Mexico	791	604	812	475	586	3,269
Panama	420	155	223	266	499	1,562
Paraguay	96	102	82	152	117	549
Peru	525	545	1,039	1,688	1,614	5,411
Trinidad and Tobago	0	0	0	300	300	600
Uruguay	244	200	325	187	113	1,068
Venezuela	276	364	525	130	533	1,828
Others countries	428	526	573	743	1,138	3,407
<b>TOTAL</b>	<b>6,107</b>	<b>5,945</b>	<b>8,426</b>	<b>10,212</b>	<b>10,477</b>	<b>41,166</b>

**TABLE 7. Portfolio by Country** (in millions of USD and percentages)

<b>Country</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Argentina	2,720	2,773	2,840	3,208	3,578
Bolivia	1,919	2,037	2,222	2,496	2,574
Brazil	1,972	2,098	2,022	2,161	1,747
Colombia	1,832	2,142	2,409	2,608	2,938
Ecuador	2,825	3,045	3,318	3,438	3,587
Mexico	159	274	471	414	661
Panama	1,155	1,177	1,306	1,411	1,710
Paraguay	249	291	337	419	466
Peru	2,347	2,310	2,286	2,292	2,052
Trinidad and Tobago	0	0	0	300	600
Uruguay	509	655	919	1,028	978
Venezuela	3,002	3,094	3,321	3,285	3,514
Others countries	747	863	911	1,002	1,165
<b>TOTAL</b>	<b>19,436</b>	<b>20,759</b>	<b>22,363</b>	<b>24,061</b>	<b>25,571</b>
<b>Loan portfolio</b>	<b>19,144</b>	<b>20,431</b>	<b>21,977</b>	<b>23,628</b>	<b>25,111</b>
<b>Investments</b>	<b>292</b>	<b>328</b>	<b>386</b>	<b>433</b>	<b>460</b>
<b>Sovereign</b>	<b>15,383</b>	<b>16,482</b>	<b>18,028</b>	<b>19,402</b>	<b>20,737</b>
<b>Non-sovereign</b>	<b>4,054</b>	<b>4,277</b>	<b>4,335</b>	<b>4,659</b>	<b>4,834</b>

# Shareholder Countries

- 32 ARGENTINA
- 34 BOLIVIA
- 36 BRAZIL
- 38 COLOMBIA
- 40 ECUADOR
- 42 PANAMA
- 44 PARAGUAY
- 46 PERU
- 48 TRINIDAD AND TOBAGO
- 50 URUGUAY
- 52 VENEZUELA

## Other Shareholder Countries

- 54 CHILE
- 55 COSTA RICA
- 56 SPAIN
- 56 MEXICO
- 57 PORTUGAL
- 58 DOMINICAN REPUBLIC
- 59 OTHER ACTIONS IN EUROPE
- 59 MULTINATIONAL







# Argentina

CAF's strategy in Argentina is four-fold: it seeks to support the reduction of logistics and transport costs with the purpose of increasing exports or boosting productivity gains; support high-impact projects on mitigating social gaps; contribute to the recovery and sustainment of public-sector growth and productivity (through knowledge efforts, technical assistance and financing); and promote the development of the local financial system.

One of the approved loans in 2018 will finance the renovation of a Belgrano Sur Railway branch line, increasing train speed and frequency, for an annual saving in rail travel times of almost 12 million hours. Another CAF-financed project is the Regional Electricity Transportation Program of the Province of Buenos Aires. The project will increase efficiency by reducing electricity supply costs in Buenos Aires Province (PBA), to achieve a significant reduction in operating and environmental costs.

In relation to the urban development sector, CAF approved a loan for three informal settlements in the city of Buenos Aires—Villa 20, Villa Rodrigo Bueno and Villa Fraga. These funds will be used under the umbrella of the Socio-Urban Integration Program, an initiative designed to assist nearly 50,000 people

who live in these neighborhoods by connecting their homes to potable water and basic sanitation networks.

CAF also approved sovereign financing for the Capital Market Development Program for Productive Financing and for the Road Connectivity and Productive Infrastructure Program for the Province of Buenos Aires, along with a Contingent Liquidity Credit Line.

In relation to non-sovereign risk activity, CAF continued to support the private sector, particularly the renewable energy stakeholders, in line with Argentina's strategy to make 20% of its energy matrix from renewable sources in 2025, contributing to the fight against climate change.

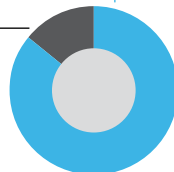
Thirteen operations were implemented using development cooperation funds, in the amount of USD 1.3 million. This amount was distributed mainly among operations in four strategic areas: equity with 50%; institutions, 37.4%; integration, 8.7%; and efficiency, 3.9%.

Some of the emblematic development cooperation actions requested by the country include: analysis of the performance of rail services in the metropolitan area of Buenos Aires; support for the preparation of stage one of the national plan for wastewater treatment plants; specialized technical support for the Undersecretary of Public-Private Partnerships; creative environments: art, innovation and learning for social change. █

## in numbers:

1,626  
(millions of USD)  
**Approvals**

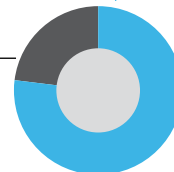
1,400  
Sovereign risk



226  
Non-sovereign risk

1,014  
(millions of USD)  
**Disbursements**

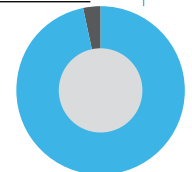
775  
Sovereign risk



239  
Non-sovereign risk

3,578  
(millions of USD)  
**Portfolio**

3,467  
Sovereign risk



111  
Non-sovereign risk



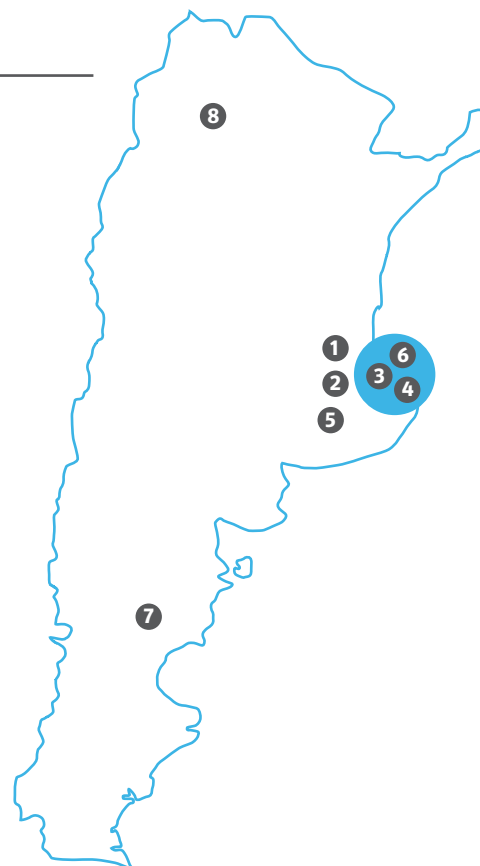


The Socio-Urban Integration Program aims to improve the quality of life of 50,000 inhabitants in informal settlements in popular neighborhoods of the City of Buenos Aires

## Approvals:

1. **Project for the Renewal of the M-Branch Tapiales - Marinos del Crucero General Belgrano - Belgrano Sur Railway - Phase II**  
CLIENT: Argentine Republic  
AMOUNT: USD 150 million
2. **Regional Electricity Transportation Program of the Province of Buenos Aires**  
CLIENT: Buenos Aires Province  
AMOUNT: USD 100 million
3. **Capital Market Development Program for Productive Financing**  
CLIENT: Argentine Republic  
AMOUNT: USD 150 million
4. **Socio-Urban Integration Program: Villa 20, Villa Rodrigo Bueno and Villa Fraga**  
CLIENT: City of Buenos Aires  
AMOUNT: USD 100 million

5. **Road Connectivity and Productive Infrastructure Program for the Province of Buenos Aires**  
CLIENT: Buenos Aires Province  
AMOUNT: USD 50 million
  6. **Uncommitted contingent credit line**  
CLIENT: Argentine Republic  
AMOUNT: USD 750 million
  7. **Long-term loan**  
CLIENT: Genneia Vientos Argentinos SA and Genneia Vientos del Sur SA  
AMOUNT: USD 30 million
  8. **Long-term loan**  
CLIENT: Fieldfare Argentina SRL  
AMOUNT: USD 30 million
- Financial credit lines**  
CLIENT: Multiple  
AMOUNT: USD 265 million



# Bolivia

CAF's strategy in Bolivia is aimed at consolidating its role as a multilateral entity supporting the country's development through interventions targeted at the construction of economic and integration infrastructure; Bolivia's insertion into the world; the country's social and environmental development; and improved productivity and competitiveness of the Bolivian productive sector.

Over the course of the year, Bolivia continued to prioritize the construction of infrastructure and the advance of social development as levers for growth. In this regard, CAF's action focused on accompanying this approach through the financing of road infrastructure, the provision of basic services for the population, and the design of a sectoral program for urban mobility infrastructure.

In terms of road infrastructure, CAF's work made it possible for the country to improve its domestic connectivity by supporting the construction of highways such as El Sena - Peña Amarilla - El Choro in the department of Beni, and the Unduavi - Chulumani highway, section 2: La Florida - Puente Villa in the department of La Paz. On the other hand, an urban mobility sectoral program was approved, aimed at providing resources for the improvement of public

transport in the country's main cities, in order to contribute to an efficient and quality mass transport service.

In the area of sustainable development, CAF continued its efforts toward the provision of water and basic sanitation services in the country through the MIAGUA V Program, the execution of the Tacachira Wastewater Treatment Plant project and the construction of its sewage collection system, to serve the population of District 7 in the city of El Alto.

In addition, the country has prioritized a programmatic funding to strengthen management of public finances in support of the government's strategy to preserve macroeconomic stability and contribute to the improvement of the efficiency and administrative capacity of the state's public resources.

Eleven operations using development cooperation funds were implemented in the amount of USD 10.3 million. Of this amount, USD 9.3 million were approved with third-party resources from the Global Environmental Facility (GEF) to support the Ecological Integrity and Sustainability of the Plurinational System of Protected Areas project.

Projects addressed three strategic areas: equity (61.5%), institutional structures (25.4%) and efficiency (13.1%).

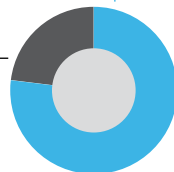
Some of the emblematic and strategic actions in terms of cooperation for development requested by the country included: impact assessment of investment in transport infrastructure and socio-economic features; strengthening wastewater treatment capacities; a critical analysis of the reality of Bolivia and the world; among others. █

## in numbers:

532  
(millions of USD)  
**Approvals**

410  
Sovereign risk

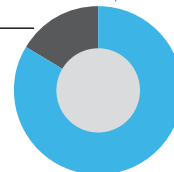
122  
Non-sovereign risk



381  
(millions of USD)  
**Disbursements**

319  
Sovereign risk

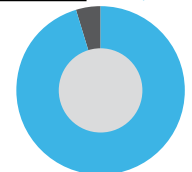
62  
Non-sovereign risk



2,575  
(millions of USD)  
**Portfolio**

2,455  
Sovereign risk

120  
Non-sovereign risk

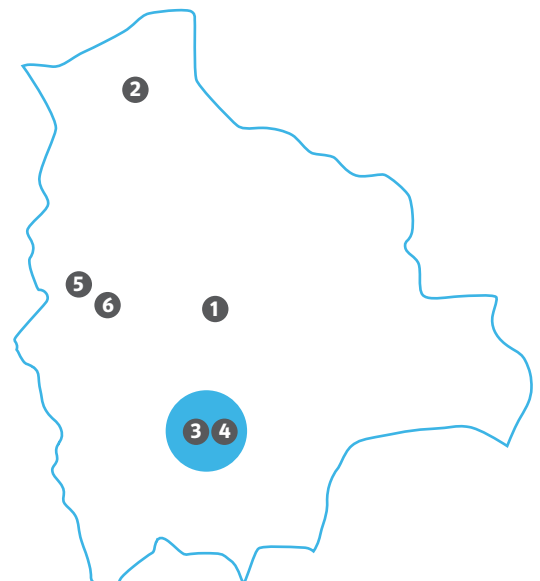




Provision of drinking water and basic sanitation services in the country through the MIAGUA V Program and the construction of the Tacachira wastewater treatment plant

## Approvals:

1. **More investment for water program - Phase V**  
CLIENT: Plurinational State of Bolivia  
AMOUNT: USD 77 million
2. **El Sena - Peñía Amarilla - El Choro Highway Construction Project**  
CLIENT: Plurinational State of Bolivia  
AMOUNT: USD 77 million
3. **Program to Support the Improvement of Public Finance Management**  
CLIENT: Plurinational State of Bolivia  
AMOUNT: USD 100 million
4. **Sector-Wide Approach for the Urban Mobility Sector Program**  
CLIENT: Plurinational State of Bolivia  
AMOUNT: USD 100 million
5. **Section 2 of the Unduavi-Chulumani Highway Construction Project**  
CLIENT: Plurinational State of Bolivia  
AMOUNT: USD 44 million
6. **Tacachira Wastewater Treatment Plant, District 7 - El Alto (and sewerage pipe) Integral Construction Project**  
CLIENT: Plurinational State of Bolivia  
AMOUNT: USD 12 million
7. **Corporate and financial credit lines**  
CLIENT: Multiple  
AMOUNT: USD 121 million





# Brazil

CAF continued its efforts to grant approvals of comprehensive multi-sectoral programs to address the development needs of Brazilian municipalities and states with an overarching approach, through sector-specific efforts and cross-cutting actions for integral urban development.

Initiatives were taken in several areas, including basic sanitation, research, development and innovation, environment (biodiversity, climate change and forestry resources), urban mobility and logistics. As a result, in the framework of sovereign actions, approvals were granted to four comprehensive multi-sectoral development programs for the state of Para and for the municipalities of Fortaleza, Caucaia and Sobral. Additionally, a loan was approved for the construction of Line 17 of the São Paulo Metro, an important urban transport project.

Within the non-sovereign sector, a line of credit was approved for the Banco do Nordeste do Brasil (BNB), which will help fund its microfinance program. CAF also renewed rotating credit lines for the financial sector, targeting microcredits, SMEs led by women, energy efficiency and foreign trade operations. In addition, the equity participation in the infrastructure fund for Brazil was approved in association with BNB Paribas and BNDES.

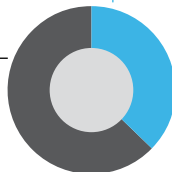
Five operations using development cooperation funds were implemented in the amount of USD 0.6 million. Projects addressed three strategic areas: efficiency (58.5%), sustainability (31.6%) and institutional structures (10%).

Some of the emblematic development cooperation actions requested by the country include: a technical assistance program for the Municipality of Sobral: solid waste and sustainable transport; training in road safety audits for executing agencies, CAF - phase i; and studies for the establishment of a linear park in the Municipality of Alagoinhas.

## in numbers:

1,476  
(millions of USD)  
**Approvals**

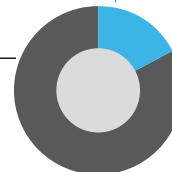
550  
Sovereign risk



926  
Non-sovereign risk

621  
(millions of USD)  
**Disbursements**

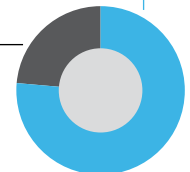
108  
Sovereign risk



513  
Non-sovereign risk

1,747  
(millions of USD)  
**Portfolio**

1,339  
Sovereign risk



408  
Non-sovereign risk



Support for the improvement of urban mobility with the construction of Line 17 of the São Paulo Metro

## Approvals:

1. **Integrated Infrastructure Program**  
CLIENT: Municipality of Caucaia  
AMOUNT: USD 80 million
  2. **Sustainable Municipalities Program**  
CLIENT: State of Para  
AMOUNT: USD 50 million
  3. **Socio-environmental Development Program - Prodesol**  
CLIENT: Municipality of Sobral  
AMOUNT: USD 50 million
  4. **Education and Sanitation Infrastructure Program (Proinfra)**  
CLIENT: Municipality of Fortaleza  
AMOUNT: USD 150 million
  5. **São Paulo Metro Network: Line 17 Oro - Monorail System, Section 1**  
CLIENT: State of São Paulo  
AMOUNT: USD 220 million
  6. **Equity investment in the credit rights investment fund FIDC, BNP Paribas CAF Infrastructure I**  
CLIENT: Not applicable  
AMOUNT: USD 5 million
- Financial credit lines**  
CLIENT: Multiple  
AMOUNT: USD 920 million



# Colombia

CAF's action in Colombia is aligned with three strategic guidelines: territorial development to reduce gaps in regions; business strengthening to boost productivity; and institutional growth for the modernization of the state. It also contemplates a cross-cutting environment and climate change strategy, along with specific objectives related to the quality and coverage of regional infrastructure; territorial management capacities; national infrastructure for productivity; skill development for SMEs and policies to create favorable environments; financial and risk management support and strengthening; advancement of fiscal sustainability policies; and promotion of efficiency in the management of state institutions.

Approvals in 2018 included an operation with sovereign guarantee for the Potable Water Supply and Basic Sanitation Program in Buenaventura, which will finance a set of works and investments for the construction, expansion and rehabilitation of aqueduct, sewerage and wastewater treatment systems. The program aims to improve environmental and sanitation conditions in the urban and rural areas of the Buenaventura District, located on the Pacific coast of Colombia. In terms of non-sovereign risk operations,

CAF approved an increase in credit lines extended to the Colombian financial system through BBVA Colombia and Banco de Occidente.

Fourteen operations using development cooperation funds were implemented in the amount of USD 3.1 million. Projects addressed three strategic areas: institutional structures (55.4%), equity (22.8%) and efficiency (17.9%).

Some of the emblematic development cooperation actions requested by the country include: support for a program to promote productivity in Colombia; strengthening of the institutional capacity of the agricultural sector, including the drafting of technical and normative guidelines related to land adaptation policy and the new agricultural extension model; strengthening of skills related to technology extension services to promote regional technical competencies and support small and medium enterprises in Colombia to increase their productivity, among others.

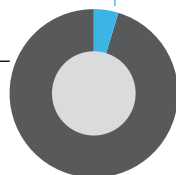
At the same time, resources from the Green Climate Fund supported projects such as Low-Emission Agriculture Resilient to Climate Change and Sustainable Transport Systems Program in Intermediate Cities in Colombia - STIC Colombia. Additionally, with resources from the Cross-Government Prosperity Fund (U.K.), six projects were approved for an amount of USD 1.0 million. Operations included: cross-cutting activities during project management—strengthening departmental competitiveness; Finagro's geographical information system (GEOAGRO); strengthening of departmental competitiveness; among others.

## in numbers:

1,544  
(millions of USD)  
**Approvals**

76  
Sovereign risk

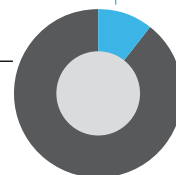
1,468  
Non-sovereign risk



2,855  
(millions of USD)  
**Disbursements**

305  
Sovereign risk

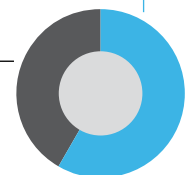
2,550  
Non-sovereign risk



2,938  
(millions of USD)  
**Portfolio**

1,715  
Sovereign risk

1,222  
Non-sovereign risk







Improved quality of life with the Drinking Water and Basic Sanitation Program for the inhabitants in Buenaventura District

## Approvals:

---

**1. Potable Water Supply and Basic Sanitation Program in Rural and Urban Areas in Buenaventura District - Phase I**

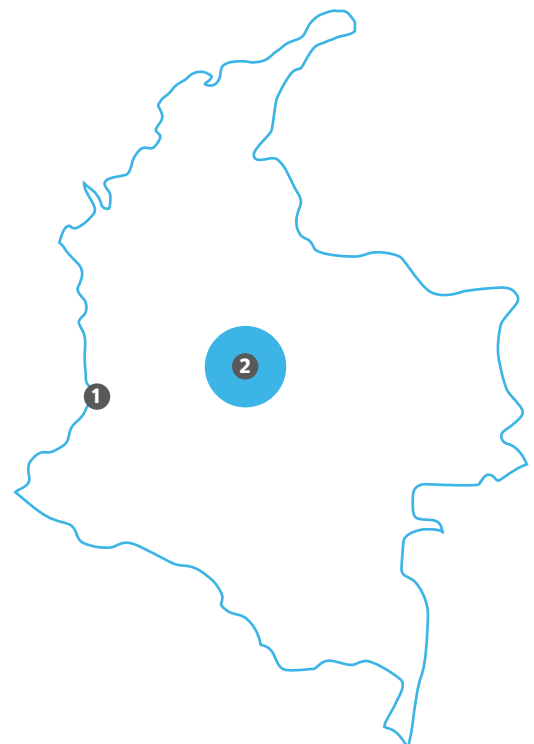
CLIENT: Republic of Colombia  
AMOUNT: USD 76 million

**2. Uncommitted revolving credit line**

CLIENT: Banco de Comercio Exterior de Colombia - Bancoldex  
AMOUNT: USD 250 million

**Financial credit lines**

CLIENT: Multiple  
AMOUNT: USD 1.2 billion



# Ecuador

CAF's strategy in Ecuador is part of a catalytic role advancing the government's national development plan called Plan Toda Una Vida [All our life]. The institution also seeks to boost the business sector's productivity, competitiveness and innovation (encompassing large, medium and small enterprises) by helping it achieve an intelligent insertion in international markets, and, in parallel, expanding and supporting financial institutions. To meet these objectives, CAF assists in the construction of energy infrastructure to reduce costs for the real sector, as well as drinking water, sanitation and wastewater treatment systems to improve the quality of life of vulnerable populations. In addition, the institution supports the country through the provision of primary, secondary, technical and technological educational units. In cities, interventions were designed with an integral approach to ensure optimal levels in people's surroundings.

Approvals of credit operations in Ecuador in 2018 reflect CAF's integral support for the country's development. For example, in the framework of efforts to bolster the sovereign sector, the Results-Based Road Maintenance and Conservation Program seeks to ensure the sustainability of road investment made over the course of the last decade. Likewise, CAF continues to support water and sanitation projects (PROMADEC IV), which complement the water and sanitation plan called Agua y

Saneamiento para Todos [Water and sanitation for all], carried out by the national government. In terms of urban mobility, a second loan was approved to close the financing and conclude the construction of the first metro line in Quito, which will mobilize more than 400,000 passengers per day.

In its countercyclical role, CAF approved a loan to support fiscal policy management. The objective is to recognize the efforts of economic authorities to stabilize state accounts; promote optimization and efficiency in the public sector; boost economic recovery; and protect vulnerable groups.

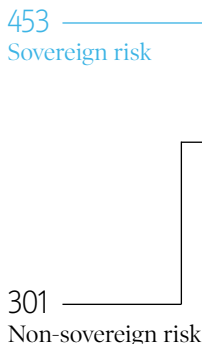
In relation to the non-sovereign sector, support was directed to the productive sector of the country, with special emphasis on agro-industry and export-orientated companies.

Sixteen operations using development cooperation funds were implemented in the amount of USD 1.5 million. Projects addressed three main strategic areas: equity (41.6%), institutional structures (27.3%) and efficiency (26.1%), among others.

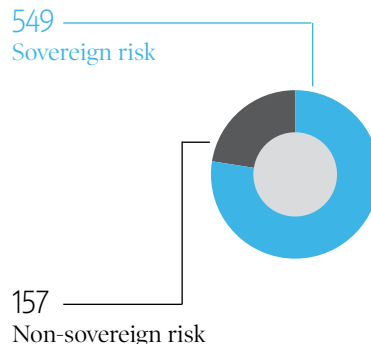
Some of the emblematic development cooperation actions requested by the country include: Vindobona Interception Project and treatment of wastewater from Quito and adjoining parishes; design and implementation of an environmental and social risk analysis system and green financing product; exploitation of digital and telecommunications services over Quito's metropolitan public transport network; ILAC Ecuador to boost productivity and added value of fine aroma cocoa production; support of Ecuador's fiscal sustainability through the construction of a strategy to manage liabilities and liquidity of the Ministry of Economy and Finance, among others. |

## in numbers:

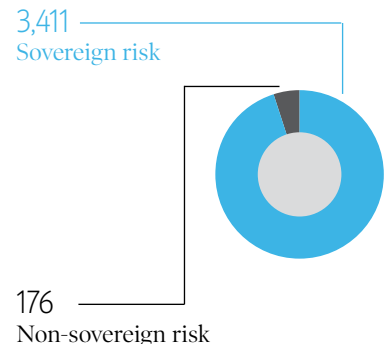
754  
(millions of USD)  
**Approvals**



706  
(millions of USD)  
**Disbursements**



3,587  
(millions of USD)  
**Portfolio**





Results-Based Road Maintenance Program to ensure continuity of the other road projects

## Approvals:

**1. Results-Based Road Maintenance and Conservation Program**

CLIENT: Republic of Ecuador  
AMOUNT: USD 41 million

**2. Quito Metro Line 1 Project - Second tranche of financing**

CLIENT: Municipality of the Metropolitan District of Quito  
AMOUNT: USD 152 million

**3. Environmental Sanitation Program for Community Development - Promadec IV**

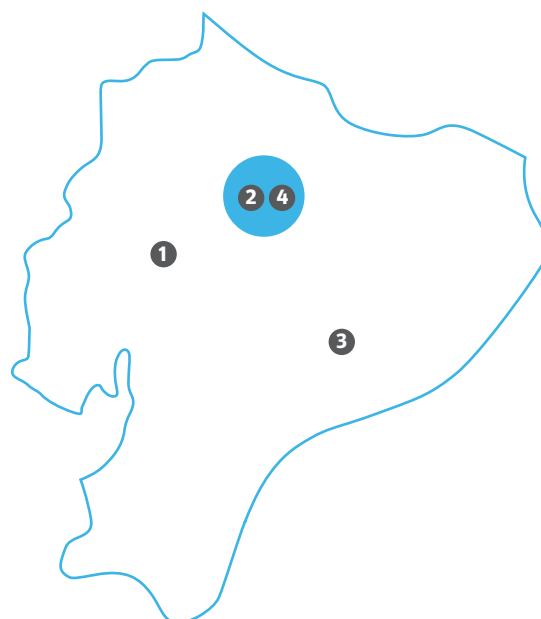
CLIENT: Republic of Ecuador  
AMOUNT: USD 50 million

**4. Program to Support Fiscal Policy Management and Public Finance Sustainability**

CLIENT: Republic of Ecuador  
AMOUNT: USD 210 million

**Corporate and financial credit lines**

CLIENT: Multiple  
AMOUNT: USD 300 million





# Panama

CAF's actions in Panama focused on promoting the strengthening of geostrategic and productive advantages, reducing social and exclusion gaps, generating a common long-term regional and national vision, and spearheading productive and social development initiatives in an effort to improve cohesion and spur entrepreneurship throughout the country.

CAF approved three operations in the education sector in Panama, which complement the different learning cycles. The first, Panamá Bilingüe (Panama Bilingual) is a program designed to help improve the educational system by offering quality English-language education. The second operation consists of a Comprehensive Plan of Transformation and Improvement of the National Institute of Vocational Training and Continued Education for Human Development, which will enhance the quality and relevance of job training education. The third operation is the Renewal Program of the School of Natural and Exact Sciences and Technology at the University of Panama, whose objective is to strengthen basic science teaching and coursework to contribute to the country's scientific expansion.

In addition, CAF continued to position itself as a key player in the water and sanitation industry by approving a loan for the National Investment Program for the Water and Sanitation Sector

(PRONAISA). The program will improve the coverage, quality and reliability of drinking water supply services in the metropolitan areas of the cities of Panama and Colon, and the sanitary and environmental conditions of the city of Changuinola.

For the private and financial sector, uncommitted revolving credit lines were approved to finance mainly foreign trade, agro-industry, energy efficiency, green business, microfinance and SME operations.

Ten operations using development cooperation funds were implemented in the amount of USD 2.9 million. Projects addressed three strategic areas: efficiency (53.4%), equity (42%) and institutional structures (4.7%).

With resources from the Green Climate Fund, CAF supported the development of the Readiness Panama program, aimed at strengthening the Ministry of the Environment's capacities to access and implement climate funds in a responsible and sustainable manner, in addition to designing and operating the institutional platform to efficiently partner with the GCF.

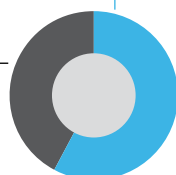
Finally, with resources from the FASEP Fund (DG Trésor-FASEP of the Republic of France), CAF approved the feasibility studies for the Panama Metro's Line 2A. The operation will build on the analysis on the new line included in the pre-feasibility study for the new master network.

## in numbers:

694  
(millions of USD)  
**Approvals**

402  
Sovereign risk

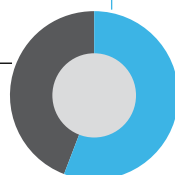
292  
Non-sovereign risk



498  
(millions of USD)  
**Disbursements**

279  
Sovereign risk

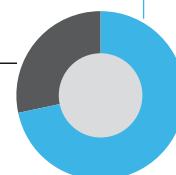
219  
Non-sovereign risk



1,710  
(millions of USD)  
**Portfolio**

1,227  
Sovereign risk

483  
Non-sovereign risk





The Panamá Bilingüe Program will benefit more than 150,000 students a year.

## Approvals:

---

**1. Panamá Bilingüe Program**

CLIENT: Republic of Panama  
 AMOUNT: USD 125 million

**2. Panama National Investment Program for the Water and Sanitation Sector - Pronaisa**

CLIENT: Republic of Panama  
 AMOUNT: USD 200 million

**3. INADEH's Comprehensive Plan of Transformation and Improvement**

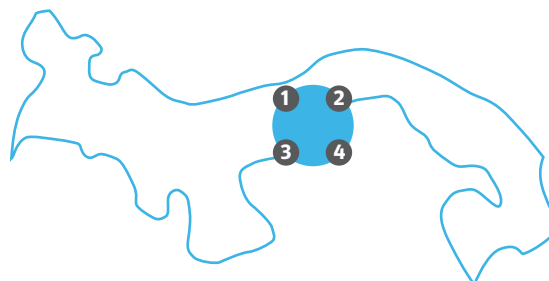
CLIENT: Republic of Panama  
 AMOUNT: USD 50 million

**4. Renewal Program of the School of Natural and Exact Sciences and Technology at the University of Panama**

CLIENT: Republic of Panama  
 AMOUNT: USD 27 million

**Financial credit lines**

CLIENT: Multiple  
 AMOUNT: USD 291 million





# Paraguay

CAF's strategic guidelines in Paraguay in 2018 focused on three areas: support for the financing of road and energy works, financial inclusion of small agricultural producers and MSMEs, and improvement of the institutional framework linked to project coordination, planning and execution, with the objective of reinforcing management capacities in terms of infrastructure investment, strengthening of the PPP framework, and professionalization of human capital working in public administration.

The operations approved in Paraguay in 2018 include the financing of the Interconnected National and Rural Electricity Distribution System's Transmission Strengthening Program, to increase the electricity supply reliability and security of the east, north, south and central systems in the country, as well as improve the distribution infrastructure in the eastern region.

The Project for the Commissioning and Maintenance of National Route No. 9 and Access Roads was also approved, which seeks to contribute to improving the productivity and competitiveness of the agricultural sector, and the economic and social integration of Paraguay, in particular the Chaco region. The project will improve traffic conditions and service levels, with interventions from kilometer 50 (Cerrito) up to

kilometer 525 (Mariscal Estigarribia), in addition to access roads to the Mennonite communities of Loma Plata, Neuland and Filadelfia. These actions will result in the reduction of transport operation costs and average travel times.

In the non-sovereign sector, CAF approved an A/B loan for Banco Regional SAECA to promote the financing of different links in the productive chain of the agricultural and agro-industry sectors.

Three operations using development cooperation funds were implemented in the amount of USD 2.1 million. Of this amount, use of third-party resources was approved for the Sustainable Framework for Productive Chains in Paraguay, in cooperation with the GEF.

Of CAF's strategic areas, projects mainly addressed institutional issues. Of the emblematic development cooperation actions requested by the country, CAF's support of the Public Works Private Financing Workshop stands out.

## in numbers:

476  
(millions of USD)  
**Approvals**

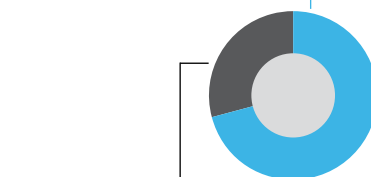
305  
Sovereign risk



171  
Non-sovereign risk

117  
(millions of USD)  
**Disbursements**

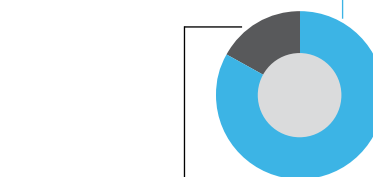
83  
Sovereign risk



34  
Non-sovereign risk

466  
(millions of USD)  
**Portfolio**

388  
Sovereign risk



78  
Non-sovereign risk



Financing of the Interconnected National and Rural Electricity Distribution System's Transmission Strengthening Program

# Approvals:

---

**1. Commissioning and Maintenance Project for National Route No. 9 and Access Roads**

CLIENT: Republic of Paraguay  
 AMOUNT: USD 100 million

**2. Financing of the Interconnected National and Rural Electricity Distribution System's Transmission Strengthening Program**

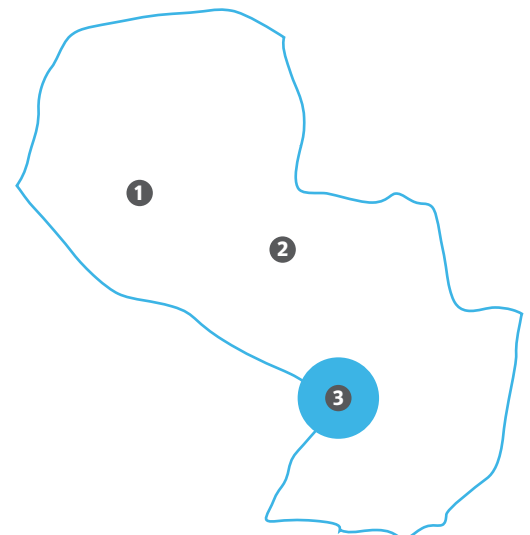
CLIENT: National Electricity Administration (ANDE)  
 AMOUNT: USD 170 million

**3. Long-term A/B loan**

CLIENT: Banco Regional S.A.E.C.A.  
 AMOUNT: USD 120 million

**Financial credit lines**

CLIENT: Multiple  
 AMOUNT: USD 86 million



# Peru

CAF's strategy in Peru consists of providing support for those sectors in which the institution's action has a positive impact on the achievement of national economic development and inclusion objectives. Financing of public, private and public-private partnership projects encompassed a wide range of initiatives, such as: irrigation of large areas for agriculture; access to water and sanitation for rural families; massive urban transport infrastructure and integral transportation systems in the country's main cities; improvement and rehabilitation of regional roads; information and communication technology for citizen security; development of infrastructure and diversification of the energy matrix; internet access for the rural population; expansion of the tax base; and promotion of investment.

In 2018, in the public sector, CAF approved operations to expand the tax base and promote investment; manage financing in cases of natural phenomena and turbulence in the capital markets; and increase sustainable small-scale agricultural production through the efficient use and distribution of water.

In addition, CAF granted loans to public-private partnerships developing wind farms, in support of increased electricity generation capacity and energy diversification.

Finally, Internet para Todos [Internet for All], an equity investment, will extend cell phone coverage and internet access to rural areas throughout the country.

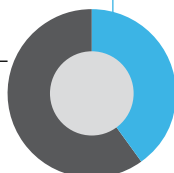
Thirteen operations using development cooperation funds were implemented in the amount of USD 1.3 million. Projects addressed four main strategic areas: efficiency (64.8%), equity (27.3%), sustainability (4.3%) and institutional structures (2.9%).

Some of the emblematic development cooperation actions requested by the country include: support for an infrastructure study of the Peruvian Ministry of the Interior's headquarters for the installation of a command, control, communication, data and intelligent crime analysis center in Lima and El Callao; strengthening of capacities for the sustainable development of the cocoa production chain in the member countries of the Latin American cocoa initiative, with emphasis on Peru; design of an integrated Mi Riego [My Irrigation] program; design of a compensation mechanism for ecosystem services, associated with marine-coastal tourism in the Piura region; among others.

## in numbers:

2,551  
(millions of USD)  
**Approvals**

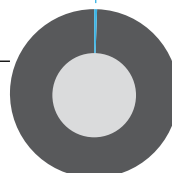
1,025  
Sovereign risk



1,526  
Non-sovereign risk

1,614  
(millions of USD)  
**Disbursements**

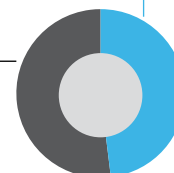
12  
Sovereign risk



1,602  
Non-sovereign risk

2,051  
(millions of USD)  
**Portfolio**

990  
Sovereign risk



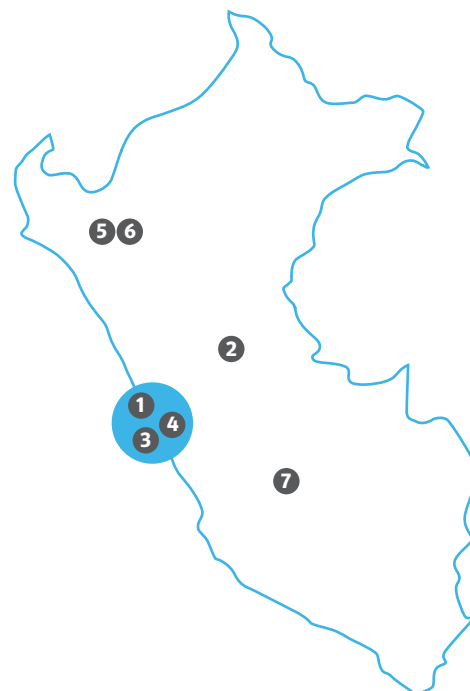
1,062  
Non-sovereign risk



Internet para Todos [Internet for all] Program will extend cell phone coverage and internet access to rural areas throughout the country

## Approvals:

1. **Program to Support Measures to Expand the Tax Base and Promote Investment**  
CLIENT: Republic of Peru  
AMOUNT: USD 250 million
  2. **Program for the Improvement of Access and Use of Irrigation Water and Services for the Competitiveness of Rural Families in Peru - Agromas (Agro+)**  
CLIENT: Republic of Peru  
AMOUNT: USD 75 million
  3. **Uncommitted and non-revolving contingent credit line for the capital market**  
CLIENT: Republic of Peru  
AMOUNT: USD 400 million
  4. **Uncommitted and non-revolving contingent credit line for natural disaster relief**  
CLIENT: Republic of Peru  
AMOUNT: USD 300 million
  5. **Long-Term Loan (Huambos Wind Farm)**  
CLIENT: GR Paino S.A.C.  
AMOUNT: USD 10 million
  6. **Long-Term Loan (Duna Wind Farm)**  
CLIENT: GR Taruca S.A.C.  
AMOUNT: USD 10 million
  7. **Equity Investment (Internet para Todos SAC)**  
CLIENT: Internet para Todos S.A.C.  
AMOUNT: USD 18 million
- Corporate and financial credit lines**  
CLIENT: Multiple  
AMOUNT: USD 1.5 billion



# Trinidad and Tobago

CAF's action in Trinidad and Tobago focuses on three main areas. The first one is economic infrastructure, given its impact on market access, productivity and the country's integration. It has also promoted logistics projects that link production with international markets. The second area is the private sector, as a central pillar of support to productive transformation. Projects in this second area encompass transport infrastructure, financial development and agro-industry, fully aligned with the government's plans for productive diversification and competitiveness. The third area is institutional framework. The objective is to reverse those aspects with a negative influence on the business environment, fostering the capacity of companies to produce quality goods and services sustainably at competitive prices.

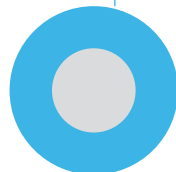
During 2018, CAF granted a long-term loan to Trinidad and Tobago to support public policy actions and reforms aimed primarily at strengthening fiscal sustainability; improve tax administration, efficiency of public spending, and management of public debt; and study alternatives for adapting the regulatory framework for the use of the Heritage and Stabilization Fund.

CAF also granted technical cooperation resources to the Ministry of Finance for the preparation of a public-private partnership to build the new ANR airport terminal in Tobago, and for humanitarian aid support in response to torrential rains in 2018.

## in numbers:

300  
(millions of USD)  
**Approvals**

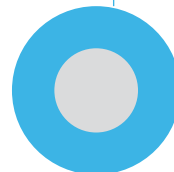
300  
Sovereign risk



0  
Non-sovereign risk

300  
(millions of USD)  
**Disbursements**

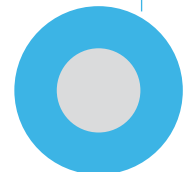
300  
Sovereign risk



0  
Non-sovereign risk

600  
(millions of USD)  
**Portfolio**

600  
Sovereign risk



0  
Non-sovereign risk





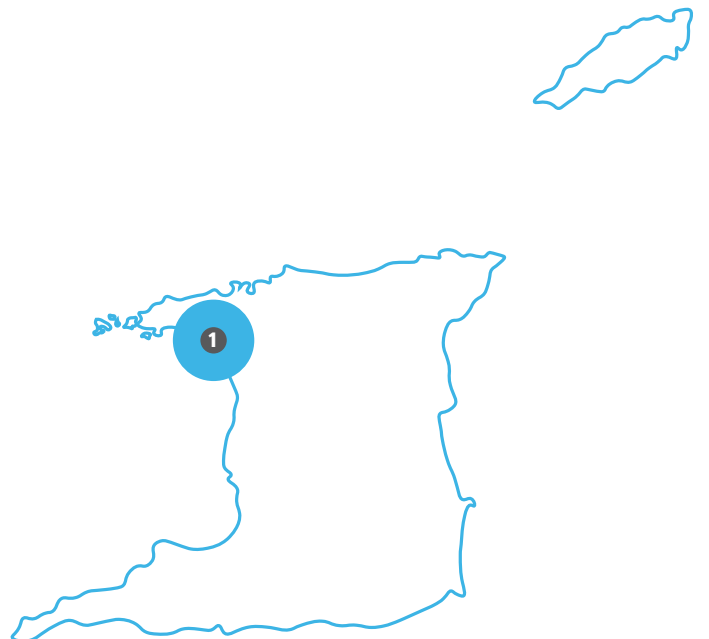
Support for public policy actions and reforms aimed mainly at strengthening fiscal sustainability

## Approvals:

---

**1. Program in Support of the Fiscal Consolidation Strategy in the Mid-Term - Phase II**

CLIENT: Republic of Trinidad and Tobago  
AMOUNT: USD 300 million



# Uruguay

CAF's strategy in Uruguay is aimed at contributing to overcoming the main development challenges facing the country. In terms of its sectoral approach to funding, CAF seeks to contribute to Uruguay's positioning as a regional logistics hub supported by transport infrastructure (roads, railways, ports). It is working to stimulate an increase in productivity in all sectors of the economy through investment in innovation and development. Finally, the institution is promoting the availability of quality drinking water and venturing into education and vocational training improvements.

In 2018, CAF's approved operations for Uruguay included the renewal and expansion of a contingent credit line to the Ministry of Economy and Finance, and an investment program with sovereign guarantee for the transport sector aimed at improving the conditions of safe mobility, as well as connectivity and logistics potential in the department of Canelones.

The institution also approved a loan without a sovereign guarantee to co-finance road and educational infrastructure projects in partnership with the CAF-AM Debt Fund for Infrastructure II.

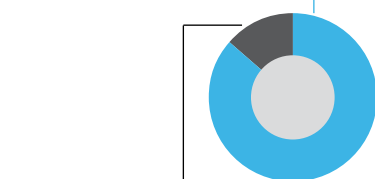
Five operations using development cooperation funds were implemented in the amount of USD 319,000. Projects addressed four strategic areas: equity (53%), efficiency (31.3%), institutional structures (12.5%) and integration (3.1%).

Some of the emblematic development cooperation actions requested by the country include: the strengthening of territorial development and the growth of micro and small enterprises in the northeast of Uruguay, among others.

## in numbers:

890  
(millions of USD)  
**Approvals**

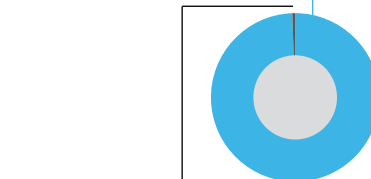
770  
Sovereign risk



120  
Non-sovereign risk

112  
(millions of USD)  
**Disbursements**

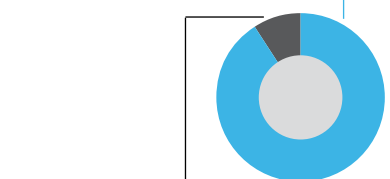
111  
Sovereign risk



1  
Non-sovereign risk

979  
(millions of USD)  
**Portfolio**

899  
Sovereign risk



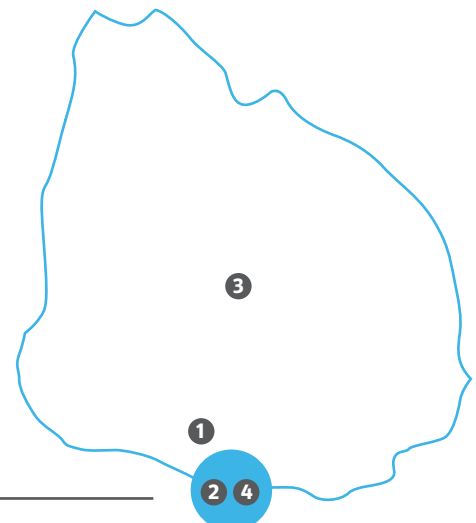
80  
Non-sovereign risk



Positioning of Uruguay as a regional logistics hub

## Approvals:

- 1. Road Infrastructure Program for the Mobility in the Municipality of Canelones**  
 CLIENT: National Corporation for Development (CND)  
 AMOUNT: USD 20 million
- 2. Uncommitted contingent credit line for the capital market**  
 CLIENT: Eastern Republic of Uruguay  
 AMOUNT: USD 750 million
- 3. Long-term Facility for Co-financing Operations with the Debt Fund for Infrastructure Financial Trust Fund Uruguay II CAF-AM**  
 CLIENT: Special purpose vehicles or companies  
 AMOUNT: USD 70 million
- 4. Uncommitted revolving credit line**  
 CLIENT: Banco Hipotecario del Uruguay  
 AMOUNT: USD 50 million





# Venezuela

CAF approved a loan operation for the Central Bank of Venezuela with the objective of providing macroeconomic support and mitigating liquidity risks incurred by the central bank in the exercise of its legal powers. The operation also sought to help the central bank manage the balance of payments, mitigating the impact of import fluctuations. The loan was part of CAF's strategy to provide its shareholder countries with countercyclical support. It serves as a preventive financing instrument to provide liquidity when countries and central banks of the region require it.

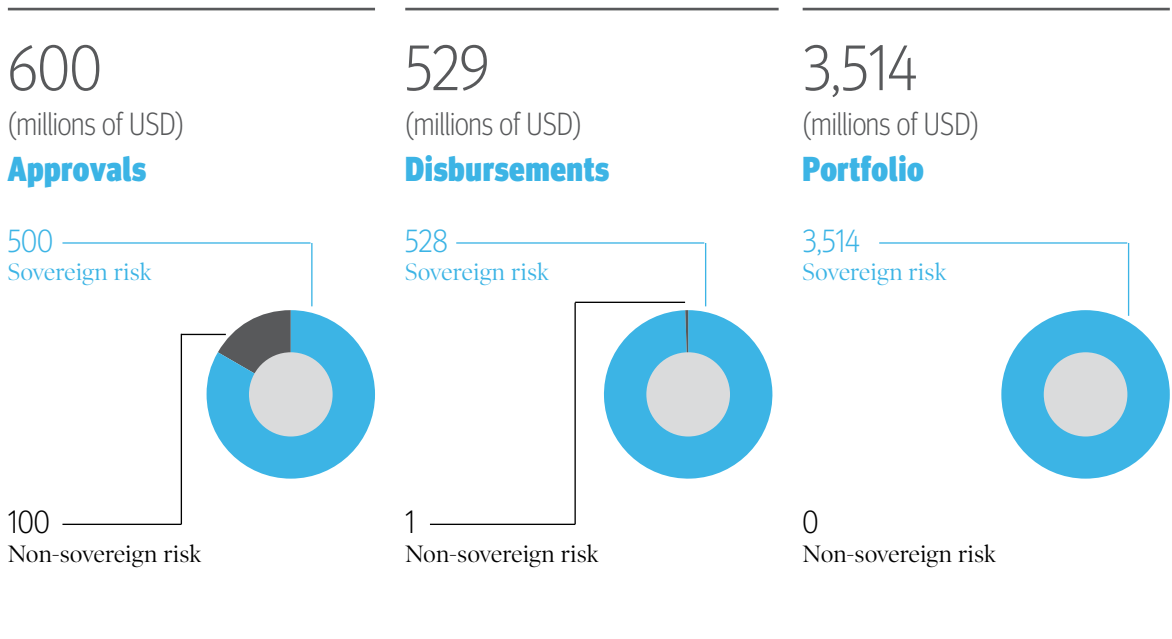
Additionally, CAF renewed a credit line extended to Banco de Desarrollo Social y Económico de Venezuela (BANDES) to finance development and expansion projects of public and private companies in sectors associated with infrastructure, energy, oil, tourism, telecommunications, technology, agriculture and food, among others.

Finally, CAF approved USD 0.3 million in operations using development cooperation funds, as a complement to the institution's financial actions. Projects addressed three

strategic areas: efficiency (42.7%), institutional structures (30.2%), and equity (27.1%).

Along these lines, CAF approved non-reimbursable resources for a study on production and competitiveness improvements for the chocolate and cocoa sector in Venezuela. The main objective is to strengthen the cocoa production chain in the country and the international chocolate marketing strategy, based on a detailed assessment of all the productive links in the industry.

## in numbers:





Promotion of production and competitiveness improvements for the chocolate and cocoa sector

## Approvals:

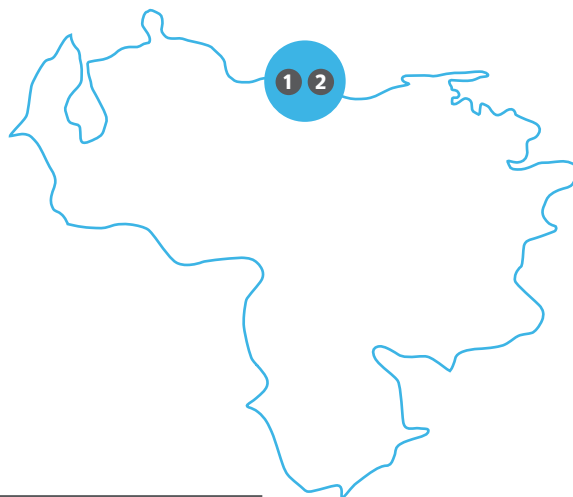
---

**1. Loan for Macroeconomic Support and Liquidity Risk Mitigation**

CLIENT: Central Bank of Venezuela  
AMOUNT: USD 500 million

**2. Uncommitted revolving credit line**

CLIENT: Banco de Desarrollo Económico y Social de Venezuela - BANDES  
AMOUNT: USD 100 million



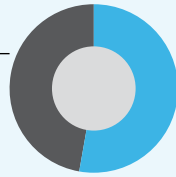
# Other countries

## in numbers:

2,219  
(millions of USD)  
**Approvals**

1,175  
Sovereign risk

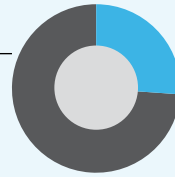
1,044  
Non-sovereign risk



1,729  
(millions of USD)  
**Disbursements**

455  
Sovereign risk

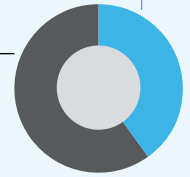
1,274  
Non-sovereign risk



1,826  
(millions of USD)  
**Portfolio**

733  
Sovereign risk

1,093  
Non-sovereign risk

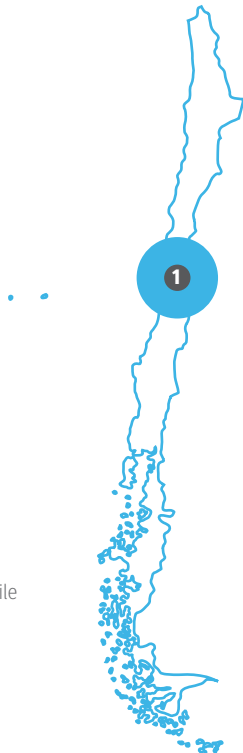


## Chile

560  
(millions of USD)  
**Approvals**

- Uncommitted revolving credit line**  
CLIENT: Banco del Estado de Chile  
AMOUNT: USD 100 million

**Corporate and financial credit lines**  
CLIENT: Multiple  
AMOUNT: USD 460 million



**In 2018, there was a record number of approvals in Chile**, reaching USD 560 million. CAF is actively accompanying the Chilean financial sector's internationalization process through the approval of credit lines primarily oriented toward export promotion. Of particular note is the increase in credit lines extended to the following banks: Banco de Credito e Inversiones (BCI), Scotiabank Chile, Banco Santander Chile, Banco Itau Corpbanca and Banco BICE.

Additionally, a corporate loan granted to Atacama Solar was signed. The project encompasses the construction, operation and maintenance of a photovoltaic solar farm in northern Chile.

In addition to providing financing for different initiatives, CAF approved a study on the gender gap in the credit market with technical cooperation resources. The objective is to identify spheres of action in the credit supply market for the formulation of public policies aimed at closing the gender gap in the financial system, through the application of a methodology that will make it possible to estimate the causal effects of gender discrimination in this Chilean industry.

Additionally, in its role as an executing agency of third-party funds, CAF approved USD 639,000 in non-reimbursable resources from the Green Climate Fund for the design of the Readiness Chile program. The objective is to strengthen public-private planning processes at the subnational level for the promotion of the development of local climate change programs in the Tarapaca, Coquimbo, Valparaiso and Aysen regions.





In Chile, CAF supported a study that seeks to identify spheres of action in the credit supply market for the formulation of public policies aimed at closing the gender gap in the financial system.

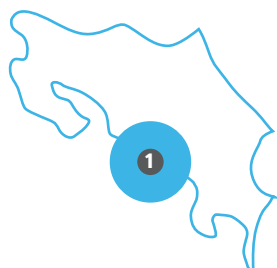
Finally, with USD 13 million in non-reimbursable resources from the Adaptation Fund, a regional project (covering Chile and Ecuador) was approved. Its objective is to reduce climate vulnerability and the risk of flooding in urban and semi-urban coastal areas in Latin American cities. The project focuses on the hydro-meteorological hazards of mud slides in Antofagasta and Talta (Chile) and floods and landslides in Esmeraldas (Ecuador).

## Costa Rica

10

(millions of USD)

**Approvals**



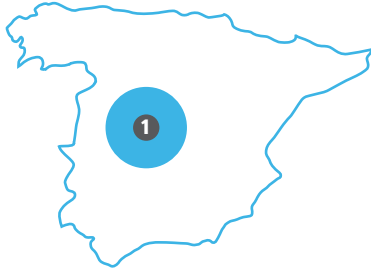
**1. Uncommitted revolving credit line**

**CLIENT:** Banco Improsa S.A.  
**AMOUNT:** USD 10 million

**In August 2018, CAF met with Costa Rican** authorities in order to deepen the relationship between the institution and the country, and identify potential financing operations.

CAF continued to support the country's microfinance sector by renewing Banco Improsa's line of credit for USD 10 million. The facility is aimed at providing financing to small and medium-sized Costa Rican companies.

# Spain



300

(millions of USD)

## Approvals

### 1. Uncommitted revolving credit line

CLIENT: Instituto de Crédito Oficial - ICO  
AMOUNT: USD 300 million

In 2018, CAF's board of directors met outside of Latin America for the first time. The board's CLXIII session, which was held in Madrid, was attended by King Felipe VI of Spain. Within this framework, the CAF Conference: Infrastructure for the Integration of Latin America was organized as well.

The Official Credit Institute (ICO) granted CAF a credit line for up to USD 130 million to promote the internationalization of Spanish companies in Latin America. CAF also signed a memorandum of understanding with COFIDES for the creation of the SME Impact Fund, endowed with USD 40 million to boost the competitiveness and internationalization of Latin American SMEs, and in turn, contribute to the region's economic, environmental and social development.

Likewise, the organization of the sixth edition of the "Futuro en Español" [Future in Spanish] program should be highlighted, with events held in the cities of Murcia, Logroño and Valencia. This edition served as a space to promote an exchange of experiences and disseminate CAF's body of knowledge. At these sessions, CAF also presented opportunities in the region, covering a wide range of topics, including: intelligent territorial development, infrastructure and logistics, and water resources. Within the framework of the program's events, business missions focusing on agro-industry, water, logistics and transport were organized, which gave Latin American experts the chance to exchange ideas and experiences with industry specialists in Spain. Finally, the fourth edition of Dialogos del Agua América Latina-España [Latin America-Spain Water Dialogues] was held, an event that was accompanied by technical visits by CAF officials to discover and learn from the Spanish experience in water resource management.

# Mexico



656

(millions of USD)

## Approvals

### 1. Uncommitted revolving credit line

CLIENT: Nacional Financiera S.N.C.  
AMOUNT: USD 300 million

### 2. Uncommitted revolving credit line

CLIENT: Banco Nacional de Comercio Exterior S.N.C. - Bancomext  
AMOUNT: USD 200 million

### Financial credit lines

CLIENT: Multiple  
AMOUNT: USD 155 million

Over the course of 2018, CAF continued to provide financing to the country's development banks and commercial banks in support of strategic infrastructure projects and the country's priority sectors, including agriculture and SMEs.

For the sovereign sector, CAF renewed credit lines extended to Banco Nacional de Comercio Exterior (BANCOMEXT) and Nacional Financiera (NAFIN) to finance diverse projects in their portfolios.

A credit line renewal for USD 50 million was extended to the Trust Funds for Rural Development (FIRA) to be committed to the Special Fund for Financing the Farm Sector (FEFA), which promotes the development of the agricultural sector in Mexico.

In the non-sovereign sector, CAF's renewed credit lines for Banco Regional de Monterrey SA and Banco del Bajío SA, focused on SMEs and strategic niches such as corporate and government banking, agribusiness, international banking, fiduciary activities, real estate, factoring and leasing. Additionally, CAF channeled resources to the banking sector through CAME SA, a financial cooperative association, which has granted productive credits to microbusinesses in Mexico for the past 24 years.

The country received USD 630,000 in non-reimbursable technical cooperation resources. Support for the Institutional Strengthening Program of the Climate Change Fund of the Mexican Environment and Natural Resources Secretariat was





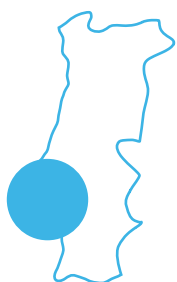
In 2018, support for the development of the agricultural sector in Mexico stands out

---

geared toward financing actions to define policies and financing sources to spearhead policies that contribute to Mexico's fulfillment of greenhouse gas emissions reduction targets. Likewise, CAF granted the Ministry of Tourism funding to develop a sustainable tourism management model aimed at strengthening the competitive advantages of the tourist attractions and services of various destinations in Latin America based on the experience of Pueblos Mágicos de México [Magical Towns].

---

## Portugal



**The activities carried out over the course of the year** in Portugal served to strengthen relations with the authorities of the Ministry of Finance, and with the Portuguese development finance institution Sociedade para o Financiamento de Desenvolvimento (SOFID). Additionally, CAF participated in the EU-Latin America Seminar: Challenges of digital transformation and knowledge in the Ibero-American Space, organized by the Euroamerica Foundation and the Casa da América Latina in Lisbon; and in the VI Strategic Triangle Meeting: Latin America-Europe-Africa, organized by the Institute for the Promotion and Development of Latin America (IPDAL), which is responsible for advancing relations between Europe and Latin America.

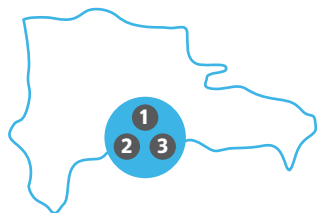




Dominican Republic announced the initiation of procedures for its incorporation as a full CAF member

# Dominican Republic

135  
(millions of USD)  
**Approvals**



**1. Rehabilitation of Distribution Networks and Loss Reduction Program**

CLIENT: Dominican Republic  
AMOUNT: USD 75 million

**2. Uncommitted revolving credit line**

CLIENT: Banco BHD León S.A.  
AMOUNT: USD 30 million

**3. Uncommitted revolving credit line**

CLIENT: Banco Popular Dominicano  
AMOUNT: USD 30 million

**In July 2018, the Dominican Republic** announced the initiation of procedures for its incorporation as a full CAF member. The announcement was made at CAF's annual Board of Director's meeting, which was held in Madrid. Dominican Republic joined CAF as a C-series shareholder in 2004. Once its accession process is completed, the Caribbean country will become the institution's twelfth full member.

In terms of credit operations, it is worth mentioning the approval of a loan for the Rehabilitation of Distribution Networks and Loss Reduction Program, which aims to strengthen the infrastructure of the distribution system and improve the quality and continuity of electricity supply to end users in the program's area of influence. To ensure this outcome, the resources will be allocated to investments targeted to the operational and business improvement of the Dominican Corporation of State Electric Companies and of the State Distribution Companies, as well as of the quality of the supply of electricity to end users.

In addition, the credit line granted to Banco BHD León was raised to USD 30 million and a line of credit was approved for Banco Popular Dominicano, to support productive transformation and economic growth through long-term investment financing.

Lastly, a non-reimbursable technical cooperation operation was approved for the design and preparation of regulations for the Dominican Republic's Public Private Partnerships (PPP) Bill and to design the implementation strategy once the bill is passed. |

# Other actions in Europe

**During 2018, CAF met with the European Central Bank (ECB)** and with the Directorate-General for International Cooperation and Development (DEVCO), with the aim of deepening relations and exploring new ways of financing and co-financing projects in the region.

In the United Kingdom, CAF strengthened relations with the Foreign and Commonwealth Office (FCO), the Department for International Trade (DIT), the Department for International Development (DfID), and with UK Export Finance (UKEF). CAF signed a memorandum of understanding with UKEF that includes a line of credit of USD 200 million to promote sustainable development projects in Latin America. Likewise, in partnership with London School of Economics (LSE), CAF organized the V CAF-LSE Conference on Leadership, resilience and development in an era of instability, and in partnership with Chatham House, the Latin America 2018 Annual Conference: Leadership, Governance and Pathways to Economic Progress, with participation of the institution's representatives.

In France, CAF participated in the meetings of the Steering Group and the Advisory Board of the Regional Program for Latin America of the Organization for Economic Cooperation and Development (OECD), of which CAF is a member; the 10th International Economic Forum of Latin America and the Caribbean, attended by high-level authorities from France, Latin America and international organizations such as the Inter-American Development Bank (IDB) and the European Commission; and the meeting of Sciences Po and LAC Forum Bercy.

## Multinational

559

(millions of USD)

### Approvals

**1. Regional Contingent Line of Financing for Extreme Climate Events, Earthquakes, Contaminating Accidents and Epidemics in the Region**

**CLIENT:** Shareholder countries or subnational agencies with sovereign guarantee  
**AMOUNT:** USD 300 million

**2. Uncommitted revolving credit line**

**CLIENT:** Banco Latinoamericano de Comercio Exterior S.A. - Bladex  
**AMOUNT:** USD 150 million

**3. Uncommitted revolving credit line**

**CLIENT:** Fondo Financiero para el Desarrollo de la Cuenca del Plata - Fonplata [Financial Fund for the Development of the Río de la Plata Basin]  
**AMOUNT:** USD 75 million

**4. Uncommitted revolving credit line**

**CLIENT:** Corporación Interamericana para el Financiamiento de Infraestructura S.A. - CIFI Holding  
**AMOUNT:** USD 25 million

**Twenty-four operations** were approved using development cooperation funds for initiatives in several countries for an amount of USD 8.5 million. This amount was distributed among operations in five strategic areas: efficiency (65.8%), equity (0.8%), institutional structures (12.2%), integration (13.7%) and sustainability (7.5%).

Emblematic actions of development cooperation in the multinational space included: Pre-investment Program for Water, Capacity Building Project of the Latin American Financial System in Green Businesses and Energy Efficiency, Training Program for Public Officials of the Region, Improvement of Latin American Productivity at the Sectoral Level, Development of Infrastructure for Industrial Internet in Latin America, Pilot Applications of the CAF Methodology for the Analysis of Corridors and Logistical Integration Areas, among others.

Additionally, with USD 29.9 million in third-party resources from the Global Environment Fund (GEF) and the Adaptation Fund (AF), CAF approved four operations. These include the Strategic Action Program of the Río de la Plata Basin – GEF for Argentina, Bolivia, Brazil, Paraguay and Uruguay; Guarani Aquifer Strategic Action Program – GEF for Argentina, Brazil, Paraguay and Uruguay; the Regional Project to Reduce Climate Vulnerability and Flood Risk in Urban and Semi-urban Coastal Areas in Latin American Cities – AF for Chile and Ecuador; and the Regional Project for Climate Change Adaptation in Cities and Vulnerable Coastal Ecosystems along the Uruguay River – AF for Argentina and Uruguay.



# Integral Development Agenda

- 64 EFFICIENCY
- 70 EQUITY
- 78 SUSTAINABILITY
- 82 INSTITUTIONAL STRUCTURES
- 86 INTEGRATION









CAF's Agenda for Integral Development aims to achieve a greater focus of the institution's activities on the most relevant issues for the sustainable development and integration of Latin America and the Caribbean through financial instruments and knowledge services. This agenda seeks to promote Latin American growth to reduce productivity gaps with respect to high-income economies within a framework of environmental sustainability. This is based on the formulation of initiatives that promote higher levels of human development and financial inclusion, enhance the management capacity of public institutions, stimulate regional integration and provide opportunities for discussion and consensus among the region's countries.

To this end, five major strategic areas have been defined that address the main challenges in the region, based on which corporate objectives are outlined that guide CAF's actions to achieve sustainable development and the region's integration:



## **Efficiency:**

Promote the productivity pact and the development of productive and efficient infrastructure in Latin America to improve competitiveness and regional integration. Contribute to the deepening and strengthening of the financial sector in Latin America.

## **Equity:**

Promote equitable and solidary human and social development in Latin America, based on comprehensive interventions, as well as the growth of inclusive and equitable financial systems in the region.

## **Sustainability:**

Promote the development of green and climate change-resilient economies in Latin American countries, and strengthen the region's responsiveness in the face of external events with a macroeconomic impact.

## **Institutional structures:**

Promote the strengthening of Latin American institutions to contribute to the modernization and transparency of the state. Strengthen the capacities of public management to improve efficiency.

## **Integration:**

Drive the physical, logistical, energetic and financial integration of the region's countries, with the objective of achieving their competitive insertion in global markets.



# Efficiency

## Productivity and Strengthening of the Financial Sector

In 2018, the world economy reflected a marked slowdown associated with diverse problems such as the increase in interest rates in the United States and by other central banks; the intensification of the trade war between the largest economies; the uncertainty associated with the “Brexit” process, among others. Weaker global growth has led to declining or stagnated raw material prices and an overall lower demand for goods.

---

In addition to this complex outlook for Latin America, the previous expansion phase did not have the expected effects on development and GDP per capita, which is still well below that of developed countries. Most of this gap originates in a lag in productivity.

As part of CAF’s response for the region’s successful addressing of the possible adverse effects stemming from the current global scenario, the institution has reformulated its own strategy to meet the need for resources of Latin American companies more effectively. CAF’s approach is aimed at the achievement of sustainable growth with less conditioning by the cycles of raw materials, a more efficient and competitive productive apparatus in the region, and significant increases in productivity accompanied by gains in productive sophistication.

The purpose of this new strategic vision is to contribute decisively to an increase in the productivity and sustainable competitiveness of companies, with the production of higher added value goods and services and an emphasis on digital economy and other sectors that are setting the tone for economic development. This, while promoting the strengthening of financial systems and an effective financial inclusion of individuals and companies. Ultimately, the strategy seeks to encourage a more active role for the private sector in the countries’ development agenda.

This support manifests as more effective financing operations in terms of value aggregation and resource optimization to achieve the greatest possible impact on development; likewise, technical cooperation funds are committed to support public policies and the transfer of best sectoral practices. |









## Infrastructure

CAF's Infrastructure Agenda contributes to bridging the infrastructure gap by improving the provision, quality and functionality of transport, telecommunications, logistics and strategic, sustainable and resilient infrastructure, which is a cornerstone of the development of more productive and competitive societies.

In order to promote the **accessibility and connectivity of cities**, and support urban mobility development, CAF conducted a study to assess the performance of the suburban passenger rail system of the Metropolitan Area of Buenos Aires, Argentina. In Bolivia, road safety plans were designed in the cities of Santa Cruz, El Alto and Tarija. In Colombia, value capture mechanisms were defined for the first line of the Bogota Metro. In Ecuador, the sustainable urban mobility plan for the city of Loja was developed. In Mexico City, mobility patterns were studied from a gender perspective. In Uruguay, the first Montevideo mobility observatory was created. In Venezuela, a study to assess the public spaces in Caracas was completed.

In Panama, support included an integral intervention in the preparation of a Mobility Plan in the City of David; a feasibility study for the tram in downtown Panama City; the definition of mechanisms for capturing the value of metro investments; support to define fare policies for the bus system; a feasibility study of the Metro's 2A Line; and support for the Mayor's Office of Panama City to develop non-motorized transportation, a strategy to improve pedestrian access to metro stations, and a parking management strategy.

In Peru, interventions in different cities were carried out to develop and complete a Mobility Plan in the Province of Piura; a feasibility study

of the BRT system; and, the contracting of a structuring and rate policy study for Trujillo.

CAF's Sustainable and Safe Urban Logistics Strategy (LOGUS) was defined based on pilot cases in four cities in the region: Cali, Fortaleza, Guayaquil, and Rosario. At the regional level, a study was successfully completed to identify the regulatory, financial and technical barriers for the implementation of electromobility in public transport in Latin America.

In order to consolidate the **development of regional road infrastructure**, a Good Practices Guide for adapting roads to climate change was published. Support was given to the national road departments in Argentina, Paraguay and Uruguay for the creation of databases containing the characteristics of their road networks. In Bolivia, technical assistance was provided for the development of a research center to apply technology to road infrastructure.

CAF is promoting actions that will consolidate investments for the **physical and functional integration of infrastructure**, seeking articulated interventions in Logistic Development Areas (ADL) that complement each other to improve productivity and boost trade and regional integration. In this regard, pilot cases in Argentina and Ecuador strengthened the application of the CAF Logistics Integration Corridors Methodology (CAF-CLI).

The **digital transformation** agenda focuses on promoting comprehensive action to increase investments in broadband communications infrastructure and support the expansion of digital services to households, governments and businesses, especially those that have a significant impact on the competitiveness of the productive sector.

Moving forward on the consolidation of this agenda, studies were contracted for the development and implementation of concrete actions to accelerate the processes of digitization of production (Industrial Internet) on two productive chains in Peru. In the area



of regional integration, studies were completed for the Andean Community of Nations (CAN), including a proposal for regulatory harmonization to strengthen the integration process of communication infrastructure. In terms of infrastructure sharing models, progress was made in the design of a business model that would leverage the fiber optic network deployed in synergy with the Quito metro.

In order to promote the development of spatial data infrastructures and the dissemination of geospatial information in the region, the Integrated Map of South America was completed, which together with the already completed integrated maps of Central America and North America, seeks to cover the region's continental territorial to a 1:250,000 scale.

## CAF's Sustainable and Safe Urban Logistics Strategy (LOGUS) was defined based on pilot cases in four cities in the region: Cali, Fortaleza, Guayaquil, and Rosario.

In terms of energy, to guarantee accessibility to electricity, CAF promotes investments aimed at energy security, contributing to the expansion of the clean energy matrix and the strengthening of transmission and distribution networks, as well as the connection between the national interconnected systems of different countries.

With the aim of developing hydroelectric generation projects and fostering electro-energy integration between Bolivia and Brazil, studies were carried out in different river basins to determine their electricity generation potential. The economic benefits of interconnecting Chile and Argentina's electricity grids were analyzed, as well as the regulatory aspects for different forms of energy exchange.

In addition, the SIER OLADE Brasil project was executed to develop and implement a national energy Information system, representing a much more robust and reliable information system for the electricity sector. CAF continued to provide Corpoelec in Venezuela with institutional support to carry out the necessary tests for the hydraulic models of the turbines as part of the modernization process of the Simon Bolivar Hydroelectric Plant (GURI).

To **support the institutional capacities of the public sector**, the PPP guide for regional and local governments was launched, accompanied by the training of more than 300 public officials in Bogota, Lima, Quito, Guayaquil and Puebla. The second edition of the MOOC Introduction to PPP contract management was released, as was the first edition of three new courses that offer a greater degree of

specialization: Organization and Operational Manual; Modification, Renegotiation and Rebalancing; and Seizure and Early Termination.

A MOOC on building sustainable roads, and the identification and mitigation of pathologies was developed with the objective of training road-infrastructure technicians in the detection of problems in flexible pavements and how to recycle them.

In support of improvements in the ICT sector's capacities, the CE-Digital Program was implemented in partnership with ECLAC and GSMA, delivering training for more than 500 regulatory authorities in the sector, and the School of Innovation and Digital Transformation (IBEI-CEPAL-CAF).





## Digital Agenda for Latin America and the Caribbean

CAF's Digital Agenda for Latin America and the Caribbean promotes the digitization of countries to improve productivity rates and achieve better regional integration. In 2018, this agenda supported the expansion of different broadband networks and leveraged initiatives for the digitization of households, businesses and governments at the subnational level.

**In terms of digital infrastructure**, a financing agreement for the installation and deployment of the Red Compartida [Shared Network] in Mexico was signed and equity investment in Internet para Todos [Internet for All] (IpT) was approved to cover the provision of broadband connection to mobile internet in a total of 3,996 Peruvian population centers. A feasibility study was approved for the deployment of a digital hub for internet and data center interconnection in Panama City, and actions were taken to study the potential financing of the feasibility of a next-generation submarine cable in Chile that will connect Latin America with the Asia-Pacific. A central concern of the Digital Agenda is the digitization and sharing of physical infrastructure in search of synergies. To this end, progress was made for the determination of the potential for cooperation to define a business model that would leverage the fiber optic network deployed in synergy with the Quito metro.

In terms of cities, initiatives were supported for the creation of important urban information highways in Brazil that would involve the development of high-speed communications, along with the deployment of technological platforms that can ensure better management of cities (for example: mobility, security, disaster risks) and the offering of new digital services for the population.

Topics like the fourth industrial revolution or the industrial internet were not left out of the expansion of the digital agenda. This aspect focused on the design of a comprehensive action framework to promote the development and implementation of concrete actions to accelerate production digitization processes (Industrial Internet) in two productive chains (or clusters) in Peru. Likewise, CAF supported its digital integration efforts with various proposals for the configuration of a regional digital market in Latin America, specifically in the CAN countries, including the regulatory harmonization of roaming and the digital economy (for example: data protection [security], cybersecurity, e-commerce).

In support of improvements in the ICT sector's capacities, the CE-Digital Program was implemented in partnership with ECLAC and GSMA, delivering training for more than 500 regulatory authorities in the sector, and the School of Innovation and Digital Transformation (IBEI-CEPAL-CAF) covering topics related to the digital transformation and innovation process in Latin America. The wealth of knowledge was disseminated at the sixth edition of the Latin American Telecommunications Congress (CLT) co-organized by CAF and attended by more than 400 participants.



# Equity

## Equitable and Solidary Human and Social Development

CAF promotes a regional agenda of sustainable development that favors social inclusion, improvements in the quality of life and the creation of opportunities for the inhabitants of Latin America. Throughout 2018, in pursuit of these objectives, CAF continued to promote shareholder countries' sustainable development based on actions framed in seven fundamental strategic focal points: (i) water security; (ii) better education; (iii) urban development and cities; (iv) health and nutrition; (v) conservation of natural capital; (vi) climate change adaptation and mitigation; and (vii) inclusion and gender perspective. For this, CAF offers its shareholder countries different integral financing mechanisms for investment projects and programs, specialized technical assistance and knowledge generation applied to project management, systematization and dissemination of international best practices.

---

### Water Security

CAF addresses its strategic vision for water management from an integrative approach to water security, within the framework of the following operational guidelines of intervention: (i) secure, efficient and affordable access to water and sanitation services; (ii) reduction of water pollution and preservation of ecosystems; (iii) efficient and affordable access to rural irrigation services for small-scale agriculture; (iv) multisectoral water development for agribusiness and other productive uses; (v) strengthening of governance and management of water resources.

Among other initiatives, CAF approved sectoral loan operations in support of water projects in Bolivia, Colombia,

Ecuador, Panama and Peru, contributing to the construction and rehabilitation of 13 wastewater treatment plants, two water treatment plants, 34,000 new drinking water connections and 16,000 sewerage connections, 260 km of stormwater drainage and more than 12,000 hectares for irrigation.

Among technical assistance activities, CAF approved a preinvestment program for the water sector aimed at improving the quality of engineering studies and reducing project cycle times. Likewise, CAF continued to strengthen strategic alliances, especially with the World Bank, the Government of Spain, the Stockholm International Water Institute and the World Water Council, to reinforce capacities in the region



## CAF approved loan operations that will support water projects in Bolivia, Colombia, Ecuador, Panama and Peru.

### Education

In the face of new challenges in the region, and within the framework of the complexity and diversity among countries, in general, and the education sector, in particular, CAF's sectoral strategic objective in education seeks to contribute to closing access gaps and improving educational quality and relevance, promoting the recognition of the specific conditions of each educational system from an integral perspective. In particular, the CAF Education Agenda addresses three strategic focal points: (i) access to early education and completion of secondary school; (ii) improvement in the quality of education at all levels, with an emphasis on equity through teacher training and early childhood development initiatives; (iii) relevance of education, in order to reduce early school disengagement, and improve youth employment prospects.

During 2018, loan operations were approved in Panama and Uruguay that will benefit more than 300,000 students of various levels. In addition, numerous initiatives were supported through technical cooperation and assistance to strengthen capacities in several countries in the region. CAF also contributed to the positioning of education in the public agenda of the region through the generation and dissemination of knowledge in workshops, seminars and publications, including the workshop-seminar "Young high-school graduates: challenges and opportunities to guarantee the right to secondary education," held in Montevideo, Uruguay, to address experiences in the region aimed at reducing early school desertion.

### Urban Development and Cities

The strategic objective of CAF in cities is to promote and strengthen an efficient urban management model focused on optimizing accessibility (access to goods; quality services; and socioeconomic, recreational and cultural opportunities) in order to contribute to improved productivity and social inclusion, considering resilience and gender equity in the cities of Latin America as cross-cutting focal points.



In 2018, CAF's work in urban development was aimed at redefining the conceptual approach to the "Ciudades con Futuro" (CcF) (Cities with a Future) initiative and its incorporation into the institution's operations management, consolidating the organization's international positioning as a benchmark for urban interventions and, at the same time, strengthening its strategy for the generation and dissemination of specialized knowledge in the region.

During the year, loan operations were approved in Argentina and Brazil that will benefit more than one million inhabitants, including, among other contributions, the re-zoning or construction of 187,500 m<sup>2</sup> of public spaces. Likewise, CAF participated

actively in the main regional and global urban development events, and supported cooperation and technical assistance initiatives. As part of the efforts aimed at promoting creative solutions that will improve the quality of life and well-being of the citizens of the region, CAF organized the 5th International Contest on Urban Development and Social Inclusion, an initiative that received 238 projects from 14 countries throughout the region.

### Health and Nutrition

In 2018, CAF made progress in defining its nutrition strategy, with the objective of contributing to reducing the prevalence of chronic malnutrition and micronutrient





deficiencies in early childhood in Latin America, where 5.1 million children suffer from delayed growth and 0.7 million suffer from chronic malnutrition today. The strategy is underpinned by three operational guidelines: (i) promotion of health, favorable environments and food security; (ii) improvement in the provision and management of water and sanitation services; and (iii) strengthening of technical and institutional capacities. Through the implementation of this agenda, CAF will promote programs to combat chronic malnutrition, applying a life-cycle approach focused on the first 1,000 days of life through coordinated multisectoral interventions that will make it possible to tap complementarities between the

health, water and sanitation, and education sectors, with a focus on early childhood development and rural development among the most vulnerable populations.

### **Inclusion and Gender**

Management for the inclusion of vulnerable groups began with CAF's strengthening of the structure of operations, applying gender safeguards to three pilot projects. Starting in 2019, these safeguards will be applied to the entire portfolio to continue to raise performance standards. In addition, CAF granted technical assistance to seven operations: two linked to the GEF, three to the GCF, and two credit lines for financial institutions with a gender focus, as well as British Fund projects.

Technical cooperation helped Uruguay to promote gender equality through the promotion of women's soccer and the incorporation of a gender approach in sports/training spaces. In partnership with the United Nations Development Programme (UNDP), CAF launched a regional program called "Development of State Capacities to Prevent and Respond to Violence against Women and Girls," in Argentina, Ecuador and Peru. |





## Cities with a Future

Over the course of the last 50 years, Latin America has undergone a process of rapid urbanization that has now made it the second most urbanized region on the planet, after North America.

Although urbanization itself is positive, since it usually accompanies higher levels of productivity in cities, the speed of this process in the region has generated undesirable results. The rapid urbanization of Latin America has not been accompanied by an adequate provision of infrastructure services and affordable housing, or the generation of jobs that would absorb the growing migration to the cities. The result, in many cases, has been the proliferation of precarious settlements, an immediate response by the population with fewer resources to this situation. Additionally, the costs of congestion, increased traffic or environmental pollution, among others, have exceeded the expected benefits of urbanization in many cities due to the absence of regulations or planning.

Fortunately, cities have the potential to become sources of innovation and economic growth as they stimulate economies of agglomeration, rooted in the benefits arising from the proximity, intensity and frequency of exchanges of goods and ideas between the different economic agents living in them. In this regard, good urban management can contribute to improving the low levels of inclusion and productivity that characterize Latin America and mitigate the negative effects that cities can have on climate change.

In this context, CAF's Cities with a Future initiative focuses its actions on the promotion of policies that can improve efficiency in public management and are designed to strengthen access to the opportunities that cities offer individuals, households and firms, for the consumption of goods and services, production, work, recreation and leisure. The strategic vision focuses on the need to identify policies and projects that will improve inclusion and productivity levels, covering also three elements that affect and cross-cut these aspects such as resilience, gender equity, and local and metropolitan governance.



## Financial Inclusion Program

During 2018, CAF defined the strategic guidelines of the institution's financial inclusion program. Financial inclusion is a multidimensional concept that includes elements of both the supply side and the demand for financial products, its basic aspects being access, use, quality and the impact on the financial well-being of families and companies.

The following are the guiding principles and actions of the strategy that began in 2018:

### 1. Facilitating Access

- Promote regulatory measures to improve financial inclusion.
- Support the development of digital payment infrastructures and greater broadband penetration.
- Promote the creation of a network of financial innovation and a space of collaboration for the digital ecosystem (for example Fintech) in Latin America.
- Support the design and implementation of national strategies for financial inclusion and education.
- Approve credit lines and equity investments in financial institutions.

### 2. Promoting Use

- Support education programs and financial capacities for the school population, MSMEs and traditionally excluded populations.
- Support initiatives that encourage the use of financial products based on mobile technologies.
- Support governments in consumer protection schemes.

### 3. Improving the Quality of Financial Products and Services

- Generate additionalities to credit lines by supporting the development of innovative customer-centric financial products and services.

### 4. Promoting Financial Well-being

- Work with supervisors, unions and financial entities on policies and programs with an impact on financial well-being (design of standardized information presentation and publication policies, good practices for the selection of financial products, among others).

### 5. Generating Indicators and Databases for Public Policy Design

### 6. Learning and Impact Assessment





## Social Innovation

CAF continued to pursue the generation of practical knowledge through the testing of models having the potential to become useful solutions to address social challenges, particularly vulnerable population groups, in line with two corporate mandates: incorporate social innovation as a financial additionality to CAF's credit operations, and execute the provisions of the Human Development Fund through the experimental implementation of innovative approaches to human development in disadvantaged populations.

With an **ecosystem approach**, the B Movement worked with 360 triple-impact companies in the region and helped relevant legislation discussions move forward, by forming alliances with entities that promote new paradigms and trends of change. The Ashoka network trained entrepreneurs in the region in scalable strategies and the Innovation with Meaning platform (Plataforma de Innovación con Sentido) developed technological tools for citizen participation. The Latin American University Social Responsibility Union (Unión de Responsabilidad Social Universitaria Latinoamericana) reached a membership of 160 universities and launched the ERIS

Chair on Ethics and Social Innovation. With Fundación Paraguaya, the Poverty Stoplight was replicated in 10 countries in Latin America, and was adopted by two micro-financial entities, CAF clients, in the private sector. In addition, Oxford University encouraged debate about the need to complement traditional poverty indexes with measurements of subjective dimensions of poverty, while stressing the importance of empowering poor families to self-assess and address their needs.

With a **territorial approach**, and as a sectoral complement to CAF's credit operations, TransMiCable, an initiative with



replication potential to improve accessibility for people with disabilities to the Bogota cable car, was launched. In Argentina, the first Bankomunal began operations in an informal settlement in the context of CAF's loan under the Socio-Urban Integration Program.

By the same taken, the living conditions of vulnerable populations were improved through the strengthening of capacities and opportunities for social inclusion:

**Financial inclusion. Bankomunales**, with 30,000 members, granted more than USD 7 million in loans for essential services. In three prisons, with a turnover of USD 500,000 in loans, the Bankomunal became a benchmark for Peru's Ministry of Justice on a national scale. In addition, the BK technological application was launched to automate the Bankomunal's management, which will be validated with Cofide in Peru and the microfinance network in Argentina.

Additionally, two projects were completed in **agriculture and food security**. One involved a sustainable alternative economic model with rural communities in Gran Chaco. The second addressed increasing productivity of small cocoa producers and tourism ventures in Ecuador.

In La Guajira, Colombia, progress was made in reducing child mortality and malnutrition, building educational classrooms and generating income.

In **health**, the Manos que salvan vidas project (Hands that save lives) continued to gain ground, with support from the Secretariats of Health in Cali, Bogota and Veracruz. Seven Tactile Examination Aids completed their training in Mexico, where more than 1,000 patients were examined, while in Colombia more than 4,000 patients were examined. In the Peruvian Amazonia, the telemedicine network continued to connect new remote medical outposts with tele-stethoscopy and telephonography services. In Argentina, an Uber-like inclusive health model of medicine was leveraged, linking doctors and patients at low cost and high quality.



For youth at risk, **innovative education** courses in life and job skills were delivered. The implementation of the Transformando realidades program (Transforming realities) in El Callao, Peru, targeting young people, became a benchmark for the Ministry of Education for the schools in Lima; this program was also replicated in Colombia. In Venezuela, the Queremos graduarnos program (We want to graduate) promoted higher education among more than 1,000 young people. In Argentina, the Entornos creativos program (Creative Environments) was recognized for its innovation in teaching; and, in partnership with Cáritas, progress was made in systematizing the integral approach model in situations of exclusion. An educational social enterprise model was also delivered to the authorities of Paraguay and Bolivia, within two prisons in both countries, developed using a public-private ecosystem to strengthen opportunities for inclusion in the prison population. The model has replication potential.

**Essential services.** Under an air conditioning model, a **home improvement** initiative for 100 vulnerable households was undertaken, in collaboration with the public sector of Uruguay, with an impact on health, savings

and energy consumption. In Colombia, nine improvements were delivered, the result of a circular economy model that uses waste in the construction of building blocks.

In Peru, the communities of the Napo River accessed 3G **telecommunications** services via a Rural Mobile Infrastructure Operator, providing more than 50,000 people with telephony and internet through replication. Using a model of **access to safe water**, 4,500 people benefited from the implementation of diagnostic and management software, transferable to the public and private sectors.

In Paraguay, in partnership with Fundación Paraguaya, 10,000 families participated in the Sentí que se puede contests (Felling you can). With the Mujeres emprendedoras program (Women Entrepreneurs), 270 women built an equal number of bathrooms and kitchens, while another 100 women improved their oral health.

With an active presence in events, documenting social innovation lessons learned and best practices, CAF's actions were disseminated among ecosystems interested in their replication and scale. |

# Sustainability

## Integral Environmental Management

CAF has incorporated environmental sustainability and climate change into every aspect of its environmental management initiatives in the region through programs, projects and actions that promote sustainable productive transformation, green infrastructure, and migration toward low-carbon economies resilient to climate change.

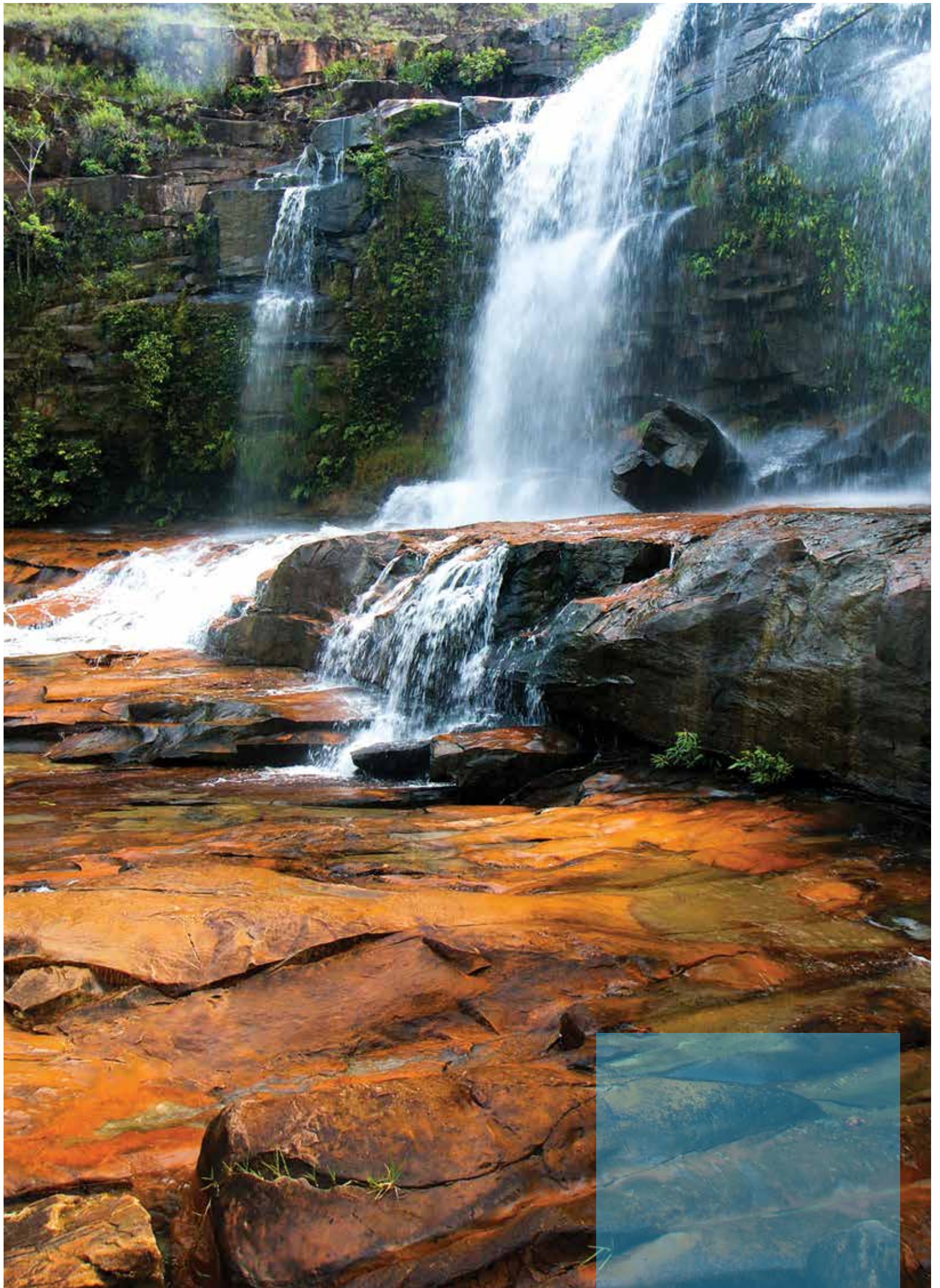
### Conservation of natural capital

In 2018, the sustainable management of the region's natural capital was supported through the structuring and implementation of operations, the channeling of green financial resources and the provision of technical assistance for projects that conserve protected natural terrestrial and coastal areas. Twenty-one credit operations were supported and seven GEF projects were executed encompassing 80% of CAF's member countries: conservation of the Darien region based on sustainable agroforestry; sustainable production of panela (unrefined whole cane sugar) in Colombia within the framework of a circular economy; construction of the analytical and capacity platform for Chile's sustainable mobility program; and projects in Bolivia, Peru, Colombia and Ecuador that endorse the sustainable management of natural areas based on the enhancement of biodiversity through productive inclusive and sustainable systems. In addition, projects concerning the grounds for the implementation of the Strategic Action Programs of the Rio de la Plata Basin and the Guaraní Aquifer were approved. The GEF mobilized donations received as of 2018 amounted to USD 18.9

million. It is estimated that the projects executed in 2018 will have an impact on 115,000 people by reducing vulnerability to climate change; 23,045,660 hectares conserved/managed sustainably, including 12 protected natural areas; 928,366 metric tonnes of CO<sub>2</sub> reduced; and two regional watersheds of global importance.

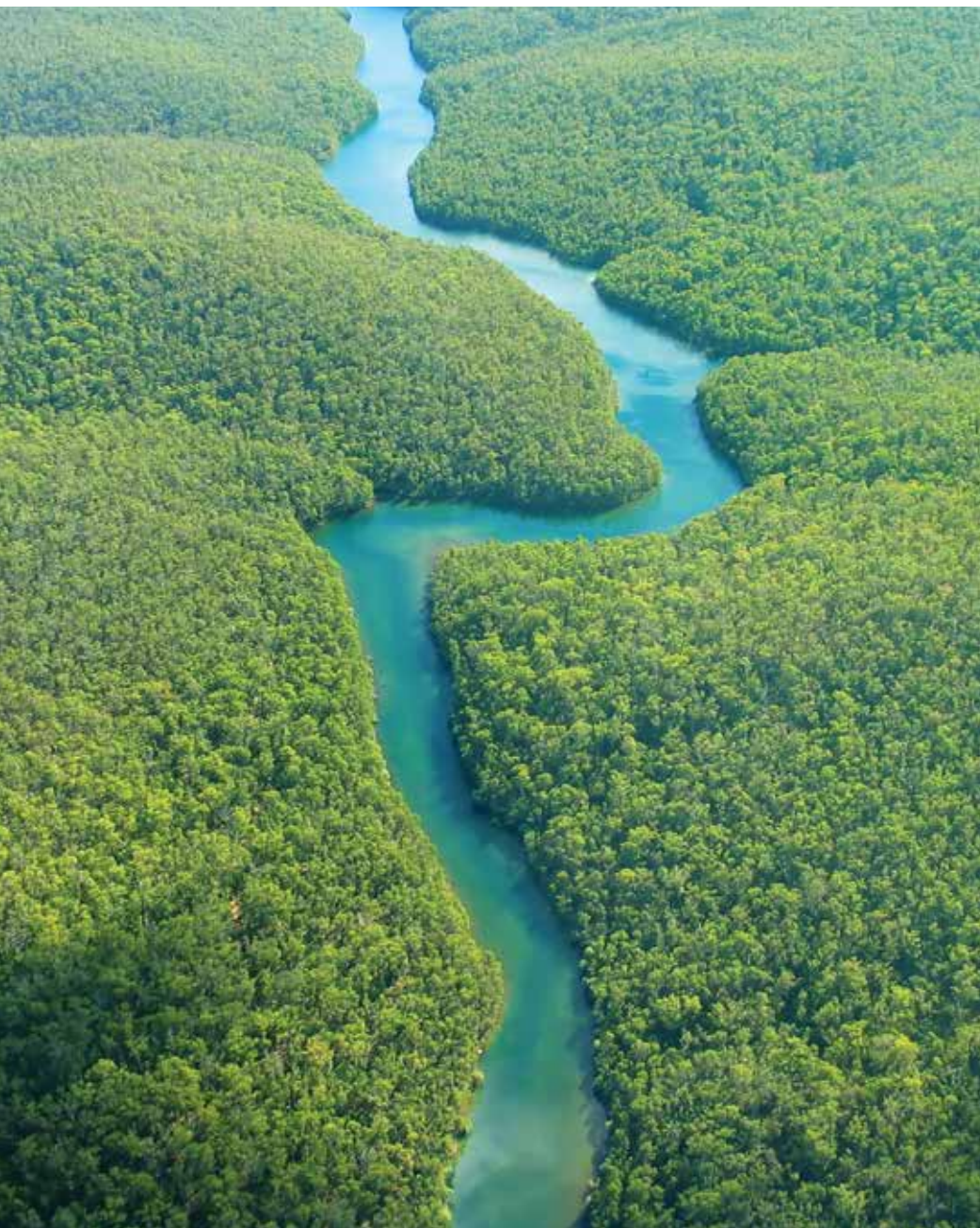
With the Biodiversidad program (Biodiversity), publications and manuals were drafted outlining how to access financing and technology for sustainable production systems and market intelligence in the areas of cocoa, Amazonian fruits, Andean ecotourism grains, coastal marine ecosystem services, and BioTrade. The CAF Bosques program (Forests) spearheaded an initiative about urban forests, green spaces, and eco-efficiency of the forestry industry, which was adopted in seven operations, especially in Brazil, Ecuador and Colombia. As part of the initiative for the sustainability of financial institutions, 120 financial institutions and more than 3,000 people from 15 countries received training in environmental and social management standards for banking, SARAS and sustainable finance. In addition, CAF supported 10







The sustainable management of the region's natural capital was supported through the structuring and implementation of operations, the channeling of green financial resources, and the provision of technical assistance.



institutions with the incorporation of sustainable practices and the creation of green sustainable finance protocols in coordination with Chile and Ecuador.

### **Climate Change Adaptation and Mitigation**

CAF's climate change adaptation and mitigation management focused its efforts on the identification, formulation and structuring of projects for international green funds. A total USD 207 million in Green Climate Fund (GCF) resources were approved to draft a detailed urban transport project (Colombia), two new initiatives to coordinate readiness resources (Mexico and Peru), and a regional project to initiate approval. Adaptation Fund resources were approved for two new projects, one in Ecuador and another in Ecuador-Chile, for USD 16.4 million, and a new bi-national initiative for the Uruguay River (Argentina-Uruguay) was presented for USD 14 million. In the sphere of Cities and Climate Change, the implementation of Latin America Investment Facility (LAIF-CAF-AFD) resources was initiated for the development of climate diagnosis and pre-investment studies for urban projects with climate co-benefits. These studies, for USD 1.2 million, include six urban vulnerability indexes to climate change, a comprehensive climate diagnostic study (Portoviejo) and three pre-investment studies in Monteria, Loja and Fortaleza. In addition, Huellas de Ciudades (City footprints) were completed in El Alto and Cochabamba for a total of 14 cities in the region.

In regard to tools for projects, the internal course for the application of the Carbon



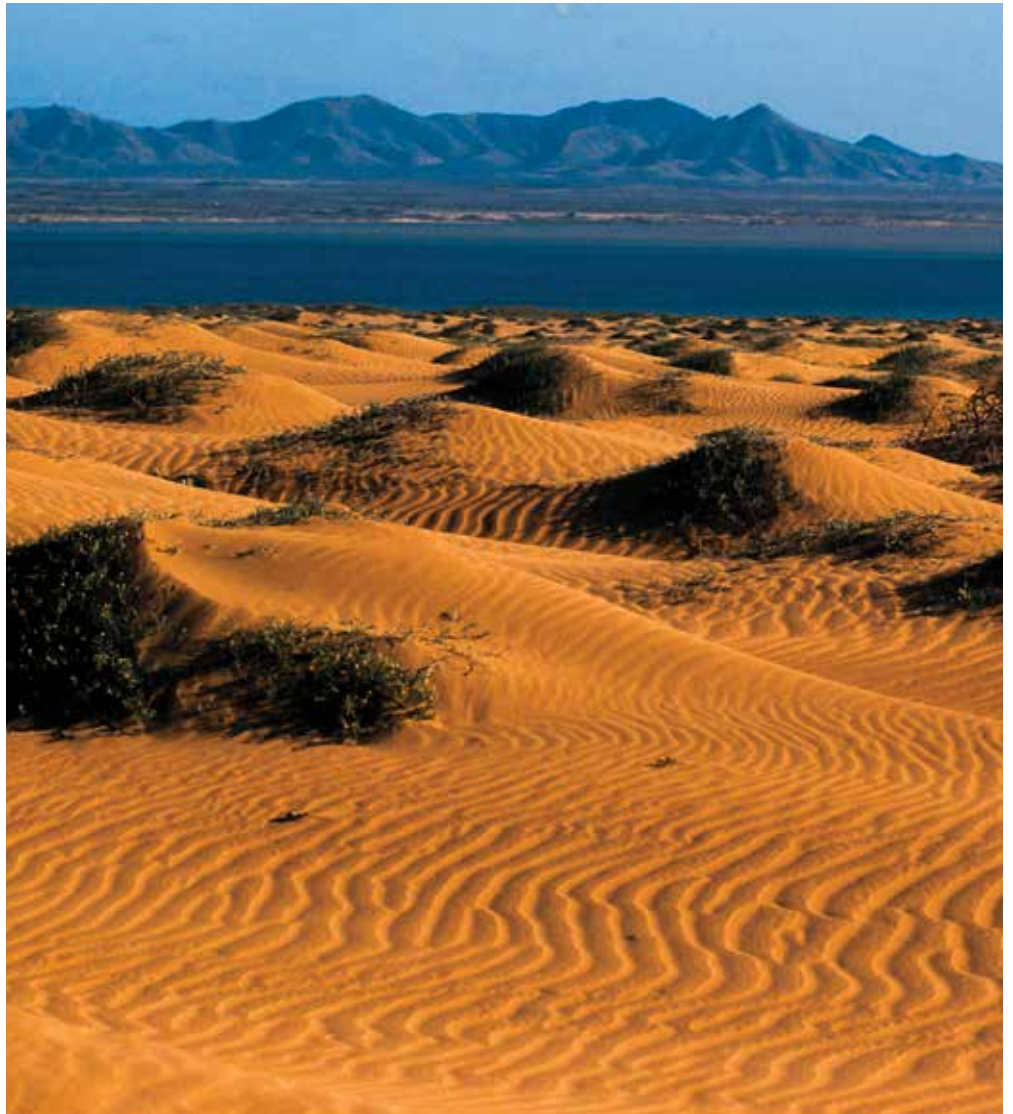
Footprint Calculation, and impact assessment of the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.

### **Institutional Environmental Management**

CAF's institutional environmental management in 2018 promoted the strengthening of the Institutional Environmental Management System (SIGA), as well as CAF's Annual Sustainability Report Process.

In addition, ISO 14001 was implemented within the framework of SIGA strengthening actions, formalizing the associated procedures and improving the support tools for the system, such as the acquisition and current implementation of the GlobalSuite software. In this same line, SIGA officials received training and CAF's offices in Argentina, Ecuador, Panama, Paraguay and Peru were incorporated into the practice of integral waste management. These actions were accompanied by an environmental awareness program for all CAF offices, which fosters corporate objectives in this area and compliance by CAF officials and employees.

In 2018, the "Modeling for the Systematization of CAF's Sustainability Report" project was executed, which made it possible to review the indicators reported in the framework of this practice and their alignment with sustainability initiatives (SDGs, Paris Agreement, UN Global Compact). In addition, a model of the process was created that will enable assessment of the indicators' behavior and the evolution of the reported sustainability



areas once it is systematized. Moreover, officials and employees were trained and the sustainability report model and strategy manual was created. ■

# Institutional Structures

## **Institutional Strengthening and Public Management**

In CAF, institutional development has traditionally been understood as a contribution to stronger public management and institutional quality in the region. In November 2018, this strategic vision was renewed with the intention of supporting the digital transformation of the state in a more selective and effective way, leveraging initiatives to improve the efficiency of the state and the quality of public services for citizens in the region.

Latin America needs a “productivity pact” to close regional competitiveness gaps. Part of this covenant must address improvements in the efficiency and effectiveness of states throughout the region. The low quality of public spending and the low productivity of public administrations are distinctive characteristics when Latin American countries are compared, for example, to countries in Southeast Asia. Today, Latin America faces the challenge of having to do more with less. According to a 2017 study conducted by consulting firm McKinsey, improving the productivity of states could generate around USD 3.5 trillion in savings per year.

CAF approved the strategic guidelines of its new Directorate of Digital Innovation of the State (DIDE) department to promote more agile, open and innovative institutions that can leverage new technologies and data intelligence applied to the improvement of public management in national, municipal and city governments. This approach will be implemented along three priority focal

points: (i) the strengthening of digital government and public innovation; (ii) regulatory improvement and simplification of procedures; and, (iii) the development of transparency and public integrity mechanisms. The focus will be on sub-national levels, particularly municipal management and smart cities.

Under this new vision, CAF intends to foster states that are at the service of their people. New technologies to ensure more efficient public spending, more relevant data for the evaluation of public policies, or more innovative solutions to address the big challenges of transparency and integrity are instruments that will make it possible to optimize the provision of public services, but they can also help drive a more vibrant, agile and sustainable economy.

To carry out this vision, CAF will invest in the generation of knowledge and the facilitation of spaces for dialogue with the region’s governments. In addition, bonds





will be established with authorities in the competent public institutions of the partner countries, at national and subnational levels. Strategic alliances will also be leveraged to generate new spaces for collaboration and coordination with key regional and international institutions, directly linked to institutional strengthening and public management. The objective for 2019 is to outline a series of activities with a high impact on digital innovation for the modernization of public management, in order to position CAF on the regional agenda of digital transformation.

Digitization must become a determining factor to address the crisis of public confidence in economic actors, both public and private, improve the quality of public services, and reduce corruption in Latin America. In November, CAF participated in the first global GovTech Summit. The event, held in Paris, France, reflected the emergence of new ways of contributing to the co-creation of public value through public ventures into digital start-ups.

The third High Level Meeting of the OECD LAC Regional Programme entitled “Integrity for Good Governance: from commitments to action,” held in Lima, Peru, gave CAF officials the opportunity to reinforce their relationship with the governments of the region in a process of integration or bridge building with the OECD, as well as with their counterparts. Most Latin American countries are seeking to align themselves with the standards established by this institution, particularly in terms of public governance standards.



With this new strategy in place to leverage the modernization of the state in the region, and by promoting improvements in public management, CAF strengthened its relationship with the OAS following the adoption of the Lima Commitment, under which the countries of the region will design actions aimed at creating the

Inter-American Open Data Program (PIDA), with an emphasis on fighting corruption.

Likewise, CAF continued delivering the Governance, Political Management and Public Management Programs that promote the strengthening of skills and competencies of public officials, technical teams and leaders

**Digitization must become a determining factor to address the crisis of public confidence in economic actors.**





of civil society whose roles are linked to issues of government and local management. In this new edition, 12 universities from 10 countries in the region offered the courses, educating 2,027 students.

In turn, 2,481 social leaders participated in the Leadership for Transformation Program

---

that fosters the exercise of responsible leadership by civil society actors in the design and implementation of public policies. Seven academic institutions offered this diploma in six countries of the region.

In addition, support was provided for the XXIII International Congress organized by the Latin American Center for Development Administration (CLAD), which brought together more than 4,000 public officials from the region in Guadalajara, Mexico.

Along the same lines, the project implemented jointly with Trust for the Americas, “Democratizing Innovation in the Americas: Colombia,” was concluded. As part of the project, the Innovation Laboratory for Peace was created and launched, with headquarters in Bogota and branches in Manizales, Tumaco and Cali. Within the framework of this initiative, 250 young people were trained under the Innovation Curriculum and 12 projects were developed to resolve issues related to the implementation of peace in the country. ■



# Integration

## Strengthening Initiatives for Regional Integration

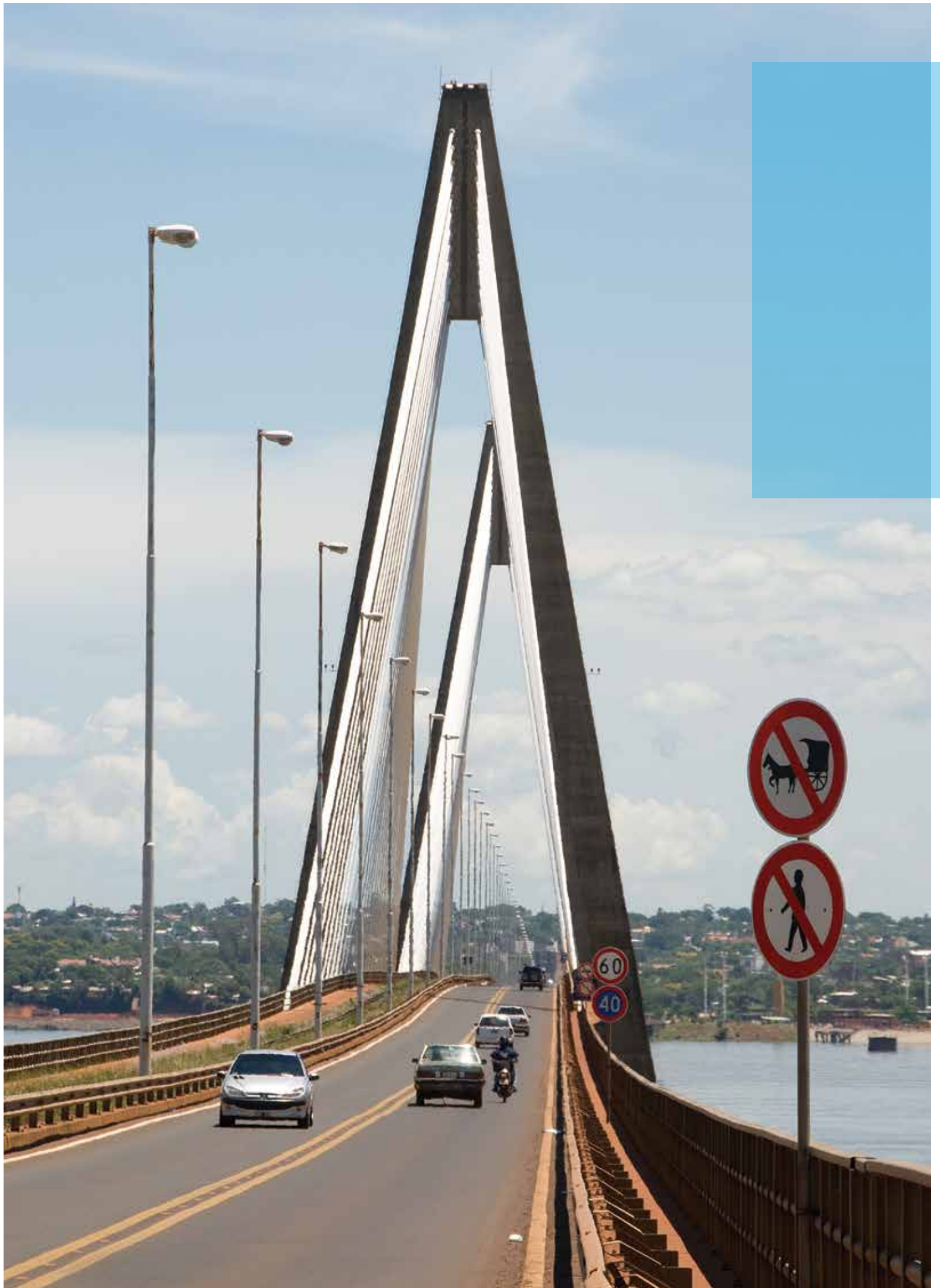
On a global and regional level, numerous transformations and disruptions are underfoot, the results of which are still uncertain. The changes that are beginning to emerge, however, generate unprecedented challenges, especially for Latin America. CAF reiterates its responsibility toward regional cooperation, with a renewed institutional framework for the promotion of cooperative and productive integration as a condition for the possibility of increased intraregional trade, export diversification, and the necessary linkages to achieve economies of scale.

---

In this new context, CAF is redesigning its cooperation mechanisms with the most important regional integration experiences: the Andean Community, MERCOSUR, CELAC and the Pacific Alliance. The aim is to promote, on the one hand, cooperation among countries to strengthen and boost existing value chains in the region with a focus on reciprocity and, on the other, productivity, which is necessary to reduce informality and generate partnerships that maximize synergies in the economy and

competitiveness. Likewise, the institution's actions seek to articulate and bolster cooperation and consensus among the different regional and subregional blocs.

For this, CAF champions a productivity pact that requires smart logistics corridors, which, apart from infrastructure-based connection, add to the integration, institutional governance, virtual business networks, high digitalization, increased intraregional exports and imports, and support for



clusters, as well as the strengthening of capacities to help achieve better and greater insertion into global markets.

To drive these objectives, CAF actively participated in the majority of the regional dialogue and discussion mechanisms. In 2018, CAF participated in the II Ministerial Meeting of the Community of Latin American and Caribbean States (CELAC) with China (Santiago, Chile – January); the Period of Ordinary Sessions of the Andean Parliament (Bogota, Colombia – March); the 52nd Summit of Heads of State of Mercosur (Asuncion, Paraguay – June); the 13th Summit of the Pacific Alliance (Puerto Vallarta, Mexico – July); the XXVI Ibero-American Summit of Heads of State and Government (Antigua, Guatemala – November). It also took part periodically in the Andean Community (CAN) high-level meetings and coordinated activities in conjunction with the National Confederation of Private Business Institutions (CONFIEP), entrepreneurial arm of the Pacific Alliance. In all these scenarios, CAF stated its commitment and willingness to deepen the progress and convergence of regional integration processes, and its role

as an intermediary between Latin America and the blocks outside the region, such as the Asia Pacific. Likewise, it maintained its commitment to the Mesoamerica Project through the Interinstitutional Technical Group.

Along these lines, CAF provided technical and financial support to those initiatives that contributed to the strengthening of integration processes in multiple spheres, including infrastructure, telecommunications, productive sectors, cross-border development, among others. On this foundation, the joint work with the Ministries of Foreign Affairs of CAF's shareholder countries (Bolivia-Peru), as well as the rapprochement to the Pro Tempore Presidencies (PTP) of the regional integration mechanisms made it possible, on the one hand, to identify productive complementarities in border areas and, on the other, to carry out important technical cooperation projects such as the Agreement between CAF and the Pacific Alliance PTP, currently represented by the Ministry of Foreign Affairs of the Republic of Peru. The signing of this agreement seeks to support the

institutional strengthening and governance mechanisms of the Pacific Alliance to achieve its development objectives.

In line with these activities, CAF is structuring a Comprehensive Border Management Program (PROGIF). This initiative will strategically position the institution as a multilateral organization that promotes physical connectivity and productive-social development in border crossing areas identified for the construction of more competitive and integrated economic spaces in the region

CAF expressed its commitment and willingness to deepen the progress and convergence of regional integration processes.





## Integration Logistics Corridors

Integration logistics corridors (CLI) are an effective frame of reference for deepening integration and boosting the competitiveness of countries in a globalized world.

**CAF believes that efforts focused on Integration Logistics Corridors** can be a great driver of physical and functional integration between production centers and consumer markets, improving competitiveness of value chains associated with trade within the region, and between the region and the rest of the world.

In this regard, the institution promotes systemic interventions that simultaneously encompass aspects of infrastructure, services and governance along logistic corridors that articulate different development areas (productive clusters, interconnection axes, border crossings, metropolitan areas, ports, among others).

In 2018, pilot applications of CAF's methodology for the analysis of logistics corridors in Argentina and Ecuador were initiated. The objective was to generate priority programs that include a combination of projects and simultaneous actions in Logistics Development Areas (ADL), offering specific opportunities to improve productivity and boosting physical and functional integration along the integration corridors analyzed.

Two corridors were examined in the north of Argentina (NOA-Puertos and Transversal Norte), and two in Ecuador (Quito-Guayaquil and its extensions to the border area). The CAF methodology was presented at the Infrastructure for the development of Latin America Conference, held in Buenos Aires in 2018, and at the CAF Conference on Infrastructure for the integration of Latin America, held in Madrid in 2018, with the participation of ministers of economy, finance and planning, representatives of the private sector and experts from Latin America and Spain. |

## Physical Integration Projects Financed by CAF over the Past 22 years

		CAF's contribution	Total investment (in USD millions)
<b>Andean Axis</b>			
1	Colombia: Bogota-Buenaventura road corridor	447.0	1,116.6
2	Ecuador: Amazon connection with Colombia and Peru (Carretera Troncal del Oriente) (Eastern Trunk Road)	93.8	152.7
3	Ecuador: Segmental bridge project over Babahoyo River	123.0	133.9
4	Peru: Rehabilitation of the Huancayo-Huancavelica Railroad	14.9	18.8
5	Venezuela: Connection of the Caracas Railroad with the national network	360.0	1,932.0
6	Venezuela: Support for commercial navigation on the Orinoco-Apure River Axis	10.0	14.3
<b>Guyanese Shield Axis</b>			
7	Brazil: Venezuela-Brazil road interconnection	86.0	168.0
8	Brazil: Venezuela-Brazil electricity interconnection	86.0	210.9
9	Venezuela: Ciudad Guayana-Maturin- Estado Sucre railway studies	2.6	2.6
10	Venezuela: Ciudad Guayana (Venezuela)-Georgetown (Guyana) roadway studies	0.8	0.8
<b>Amazon Axis</b>			
11	Ecuador: Central trans-Andean connection	33.7	54.5
12	Ecuador: Southern trans-Andean corridor	70.0	110.2
13	Ecuador: International cargo transfer port in the Port of Manta	35.0	525.0
14	Ecuador: Results-based Road Maintenance and Conservation Program (Project No. 7)	18.4	275.0
15	Peru: Northern Amazon road corridor	110.0	328.0
16	Peru: Pre-investment in the border region with Ecuador	5.3	8.7
17	Peru: Central Amazon corridor (Tingo Maria-Aguaytia-Pucallpa section)	3.5	13.6
<b>Peru-Brazil-Bolivia Axis</b>			
18	Bolivia: Guayaramerín - Riberalta highway	42.0	45.5
19	Bolivia: Porvenir- Puerto Rico highway	138.8	198.3
20	Bolivia: Yucumo- Trinidad highway	234.9	335.7
21	Bolivia: El Sena-Peña Amarilla-El Chorro highway	168.0	200.0
22	Brazil: Road Integration Program, State of Rondônia	56.4	134.2
23	Peru: Southern Inter-Oceanic Road Corridor (tranches 2, 3 and 4) and guarantees for private structuring	1,004.5	2,091.0
<b>Central Inter-Oceanic Axis</b>			
24	Bolivia: Bolivia-Chile road integration corridor	404.7	649.2
25	Bolivia: La Paz-Oruro dual-carriageway project	250.0	265.1
26	Bolivia: Santa Cruz-Puerto Suarez road integration corridor (tranches 3, 4 and 5)	280.0	585.5
27	Bolivia: Santa Cruz-Warnes dual-carriageway project	86.1	160.6
28	Bolivia: Bolivia-Argentina road integration corridor	422.2	792.9
29	Bolivia: Bolivia-Paraguay road integration corridor	674.5	1,013.8
30	Bolivia: "Y" Road Integration Program	97.3	141.3
31	Bolivia: Rehabilitation of the La Guardia-Comarapa highway	153.2	224.8
32	Bolivia / Brazil: Bolivia-Brazil gas pipeline	215.0	2,055.0
33	Bolivia: Support program for the transportation sector (PAST IV)	22.4	32.3
34	Bolivia: "YPFB Transporte" gas pipeline	128.0	350.4
35	Bolivia: Complementary road works	70.0	73.0
36	Bolivia: Sector-specific transportation program	150.0	221.2
37	Bolivia: Fine-tuning program for highways	75.0	107.1
38	Bolivia: Construction of the Santa Cruz - Las Cruces - Buena Vista highway	112.0	212.0
39	Brazil: Complementary works for Arco Metropolitano do Rio de Janeiro	200.0	334.0
40	Peru: Bolivia-Peru road integration corridor	48.9	176.6
41	Paraguay: Rehabilitation and maintenance of paved roads by service levels (III roadway)	100.0	142.8
42	Paraguay: Rehabilitation and maintenance of National Route 9	400.0	560.0

	CAF's contribution	Total investment (in USD millions)
<b>Mercosur-Chile Axis</b>		
43 Argentina/Brazil: Paso de los Libres-Uruguiana border center	10.0	10.0
44 Argentina: Buenos Aires-Santiago Corridor (Laguna La Picara road turnoff)	10.0	10.0
45 Argentina: Buenos Aires-Santiago Corridor (Laguna La Picara railroad turnoff)	35.0	50.0
46 Argentina: Buenos Aires-Santiago Corridor (accesses to the Pehuenche Pass, National Route 40 and National Route 145)	106.7	188.1
47 Argentina: Rincon Santa Maria-Rodriguez Electricity Interconnection	400.0	635.0
48 Argentina: Rincon Santa Maria-Resistencia Transmission Line	150.0	345.8
49 Argentina: Comahue-Cuyo Electricity Interconnection	200.0	414.0
50 Argentina: Road Integration Program between Argentina and Paraguay	110.0	182.0
51 Argentina: Extension of the Service Life of the Embalse Nuclear Plant	240.0	1,026.7
52 Argentina: Road Connectivity and Productive Infrastructure Program for Buenos Aires Province (Bahía Blanca beltway)	7.3	87.0
53 Brazil: First Phase of the Regional Integration Program, State of Santa Catarina	32.6	65.5
54 Uruguay: Mega-concession of the Main Connection Roads with Argentina and Brazil	25.0	136.5
55 Uruguay: Road Infrastructure Programs	240.0	757.1
56 Uruguay: Program to Strengthen the National Electricity System	150.0	621.0
57 Uruguay: Punta del Tigre Thermal Plant Project and Combined Cycle Plant	208.0	814.4
58 Uruguay: Dredging and Gas Pipeline Project in Punta Sayago	86.2	104.2
<b>Capricorn Axis</b>		
59 Argentina: Pavement of National Route 81	90.2	126.2
60 Argentina: Access to the Jama Pass (Argentina-Chile)	54.0	54.0
61 Argentina: Studies for the Rehabilitation of the Jujuy-La Quiaca Railroad	1.0	1.0
62 Argentina: Recovery and Improvement of the General Belgrano Railroad	326.0	408.0
63 Argentina: Second Phase of the Road Development Program: National Route 40	168.0	240.0
64 Argentina: Regional Road Development Program II, III and IV	410.0	585.0
65 Bolivia: Tarija-Bermejo Highway Program	74.8	200.0
66 Paraguay: Rehabilitation and Pavement of Integration Corridors National Route 10 and National Route 11 and Complementary Works	19.5	41.9
67 Paraguay: Integration Corridors and Road Reconstruction Program	222.1	285
68 Paraguay: Yacretá-Villa Hayes 500 Kw Second Line	50.0	297.2
<b>Paraguay-Parana Waterway Axis</b>		
69 Studies for the Improvement of Navigation, Institutional Management and Operational Financial Scheme of the Waterway (Argentina, Bolivia, Brazil, Paraguay and Uruguay)	0.9	1.1
70 Argentina: Railroad Integration Program between Argentina and Paraguay	100.0	166.0
71 Paraguay: Program for the River Transportation of Iron Ore for the Productive and Trade Integration between Brazil and Argentina	33.0	63.3
72 Paraguay: Paved Road Network Commissioning Project	100.0	142.7
<b>Mesoamerica</b>		
73 Costa Rica: Investment Program for the Atlantic Corridor	60.0	80.2
74 Panama: Highway rehabilitation and improvement program	80.0	125.6
75 Panama: Bi-national bridge over the Sixaola River	5.5	13.4
76 Panama: Panama Canal Authority expansion program	300.0	5,250.0
77 Multinational: Central American Telecommunications Network	14.0	30.0
78 Multinational: Electricity interconnection system for Central American countries (Sistema de Interconexión Eléctrica para Países de América Central, SIEPAC)	16.7	405.0
<b>Other projects</b>	210.0	812.0
<b>Total</b>	<b>11,380.4</b>	<b>30,942.8</b>



# Physical Integration Projects Financed by CAF over the Past 22 years



This map has been created by CAF for illustrative purposes only. Therefore, borders, colors, names, or any other information shown does not imply a judgment regarding the legal situation of any territory nor the recognition of borders by the Institution.



# International Relations and Alliances for the Region's Development



In 2018, CAF continued to develop its integral agenda of foreign relations and promotion of alliances for development based on three strategic axes: to build up the presence of the bank on a global scale; to stimulate the creation of spaces to exchange and generate knowledge about the major world trends and their impact on the region; and to support its efforts to raise funding resources and the generation of trade and investment opportunities.

The intelligent insertion of Latin America into a dynamic global scenario and the construction of alliances represents one of the fundamental challenges for the region's sustainable development. Within this framework, CAF has established itself as a major partner for the development of the region with a global projection and presence in all priority areas.

## CAF's Global Presence

CAF's external actions are aimed at accompanying the region's international projection. This entails driving a multidimensional interaction—on all relevant platforms—with public organizations, international organisms, companies, academic institutions and civil society organizations to address topics related to the region's growth in an effort to favor Latin American interests and impact the global agenda for development. Consequently, this scope of CAF's external action is oriented toward diversification and articulation of the institution's relations with the main regional and international actors.

at the United Nations General Assembly, a role in which the institution coordinates actions with other international organisms aimed at contributing to the achievement of the Sustainable Development Goals within the framework of the 2030 Agenda for Sustainable Development; and CAF's active role in the Joint Summit Working Group, coordinated by the General Secretariat of the Organization of American States, which makes it possible to articulate the work of the region's international organisms to fulfill the commitments [made] during the Summits of the Americas.

Highlights in 2018 include CAF's support to the Argentine Presidency of the G20 and the institution's participation in the Leaders' Summit held November 30 and December 1 in Buenos Aires; CAF's presence as a Permanent Observer

CAF also participated in the XLVIII regular session of the OAS General Assembly held in Washington, DC, on June 4 and 5, to evaluate cooperation mechanisms in the area of institutional strengthening for sustainable development.



G20 Summit. Buenos Aires, Argentina, November 30 and December 1, 2018



CLXIII CAF Board of Directors Meeting. Madrid, Spain, July 17, 2018

### **The Lima Commitment: “Democratic Governance against Corruption”**

CAF participated in the eighth edition of the Summit of the Americas that took place in April at which participating countries throughout the hemisphere adopted the Lima Commitment on: “Democratic Governance against Corruption.” In preparation for the VIII Summit of the Americas, the OAS, CAF and the government of Peru organized a workshop to bring together the leading experts on the issue of “Governance and institutions in the infrastructure sector.” Proposals to prevent corruption in contracts, public works and public procurement were created based on the conclusions reached at the event held in Lima on February 7.

In Europe, the Executive President made an official visit to France and two official visits to Spain. The CLXIII Meeting of the CAF Board of Directors was held on July 17, in Madrid. It was the first time the meeting was held outside the American continent. Its special inauguration session was presided over by King Felipe VI, who remarked CAF's evolution, emphasizing in his speech that "[CAF] is already positioned among the leading actors in multilateral financing in the region." In addition, the institution organized the fourth edition of the Water Dialogues, a joint initiative between CAF and the Spanish Ministries of Agriculture and Fisheries, Food and Environment, Economy, Industry and Competitiveness and Foreign Affairs. The event, which was held in Madrid on October 22, has become a strategic platform for long-term collaboration for the sustainable management of water resources.

Likewise, two visits were made to the United Kingdom in order to move forward on deepening the links between CAF and the British government. In 2018, CAF brought together important leaders at events organized in London. These events include the V CAF-London School of Economics and Political Science Conference "Leadership, resilience and development in an era of instability" held on January 19 with the participation of David Choquehuanca, Secretary General of ALBA; the Chatham House Latin America 2018 Conference, which was held on October 25 in London, bringing together government and private sector leaders with representatives of accredited diplomatic missions in the United Kingdom to discuss current political, economic and social dynamics in Latin America, and assess increased investments and sustainable growth in the region; and the events held jointly

with Canning House on renewable energy and water and sanitation, bringing together leading experts in the field.

In Asia, CAF continued to strengthen its relationship with China, Japan and the Republic of Korea. CAF's Executive President made official visits to these three Asian countries in 2018. Highlights of these visits are the signing of an agreement with the new infrastructure investment promotion agency of Korea (KIND), the close cooperation with the Japan Bank for International Cooperation (JBIC), and the dynamic relationship with China's Ministry of Finance. Over the last decade, CAF has established partnerships with important actors in Asia, acting as an effective platform for building a deeper and more balanced relationship between the two regions. ■



Korea-LAC (Latin America and the Caribbean) Future Cooperation Forum, in the Republic of Korea, held June 28 and 29.



Meeting of CAF's Executive President Luis Carranza with Jin Liqun, president of the Asian Infrastructure Investment Bank, on July 2, 2018, within the framework of Luis Carranza's working visit to China.

CAF has established collaboration partnerships with important actors in Asia, acting as an effective platform for building a deeper and more balanced relationship between Asia and Latin America.



# Partnerships and Spaces for the Exchange and Generation of Knowledge

CAF promotes the generation and exchange of knowledge that fosters a regional reflection on development through spaces, conferences, alliances and networks with leading universities and think tanks on a global scale.

## 22nd CAF Conference in Washington, D.C.

Fiscal consolidation, productivity, strengthening of democracy and human rights, the challenges for press freedom in the 21st century, and new perspectives for trade and investment between China and Latin America were some of the topics discussed during the 22nd CAF Conference in Washington DC, held on September 5 and 6, 2018, at the Newseum. This event, considered to be one of the most important in the Americas, organized together with the Inter-American Dialogue and the Organization of American States, brought together 400 leaders who analyzed the state of the region over the course of two days. |



The president of Colombia, Iván Duque, at the CAF Conference: Productivity and Innovation for Development. Bogotá, Colombia, November 7 and 8, 2018



"Productivity is the fundamental tool with which we can increase the growth and well-being of the population, which is why we are promoting a 'productivity pact' that will allow us to reach political consensus to promote initiatives that can prioritize this aspect," Luis Carranza

### CAF Conference: Productivity and Innovation for development

On November 7 and 8, 2018, the CAF Conference “Productivity and innovation for development” was held in Bogota, bringing together more than 50 speakers and 400 participants. The meeting was opened by the President of the Republic of Colombia, Iván Duque, and CAF’s Executive President, Luis Carranza. This second CAF Conference held in the region fostered debate about the challenges in Latin America surrounding productivity, identifying opportunities for the development of skills, cities, the Orange Economy, investment in infrastructure and extractive industries, among other topics. |

### Infrastructure for the Development of Latin America

The Infrastructure for the Development of Latin America Conference, held on April 25 and 26 in Buenos Aires, emphasized how to increase the quantity and quality of investment; how to adapt regulation for the incorporation of new technologies; how to address the agenda for sustainable development and climate change; and how to improve universal access to supply centers for goods and services.

Since 2011, CAF has published an annual report called Infrastructure for the development of Latin America (IDEAL), which addresses priority issues on the strategic infrastructure agenda. This second edition of the conference brought together more than 60 global leaders and more than 500 participants. |

### CAF Conference in Europe: Infrastructure for the Integration of Latin America

The Infrastructure for the integration of Latin America Conference was held on July 16, 2018, within the framework of the CLXIII Meeting of the CAF Board of Directors at Casa de América, in Madrid, Spain. Ministers of economy, finance and planning, members of the CAF Board, representatives of the Spanish private sector and experts from Latin America and Europe met to analyze the opportunities for Latin American integration through infrastructure development and logistics corridors, as well as the challenges and opportunities for financing priority investment programs and projects. |



22nd Annual CAF Conference. Washington, DC, United States, September 5 and 6, 2018.



Infrastructure for the development of Latin America Conference. Buenos Aires, Argentina, April 25 and 26, 2018.



CAF Conference in Europe: Infrastructure for the integration of Latin America. Madrid, Spain, July 16, 2018.

The CAF Annual Conference in Washington, DC, has become one of the most important events to analyze the state of the region.

# Raising Funds and Creating Opportunities for Trade and Investment

Political, diplomatic and institutional support conferred through official visits, business events and investor forums, among other activities, is indispensable to complement the institution's successful financial strategy, since it opens doors and leads to potential new partnerships that can assure an integral approach toward shareholder countries and allied regions.

In 2018, CAF participated again in the Euromoney Global Borrowers & Investors Forum to present its financial strategy to the main actors of the capital market. More than 1,000 delegates from governmental and banking institutions participated in the event, which was held in London on June 20 and 21, to examine prospects for international capital markets, with an emphasis on new instruments to finance sustainable development. CAF also held a meeting in Paris and Frankfurt in partnership with LatinFinance, bringing together investors and analysts from the main European investment banks.

CAF also participated in the 8th India-Latin America and Caribbean Conclave, which was co-sponsored by the government of India and ECLAC, with the support of CAF. The event took place on October 1 and 2 in Santiago, Chile.



Signing of Memorandum of Understanding between CAF and UKKEF. London, United Kingdom, October 25, 2018.



Reception with European banks. Frankfurt, Germany. April 26, 2018.



More than 300 businessmen met to look for complementarities between the economies of both regions and to promote the diversification of trade relations.

In addition, a Memorandum of Understanding was signed with the British government represented by UK Export Finance (UKEF), approving a USD 200 million line of credit, executed by CAF and aimed at promoting sustainable development projects in the region. Likewise, CAF and the German development bank KfW signed a USD 70 million loan contract, aimed at supporting energy efficient operations that can generate a positive impact on the environment. ■



Chatham House Latin America 2018 Conference.  
London, United Kingdom, October 25, 2018.

# Knowledge Management

CAF's knowledge services management is a key activity that complements the institution's financial services. The objective is to offer countries inputs they can use to promote reforms that drive inclusive and sustainable economic growth. As part of this task, CAF seeks to establish an open dialogue about different policy alternatives that enrich the public debate (according to the accumulated evidence) and generate the necessary consensus so that governments and society can put them into practice.

Within this strategy, it is important to highlight that knowledge management should also promote a process of institutional learning based on ex-post monitoring and assessment of the projects and operations financed by CAF. In this context, the knowledge services also aim to accompany the design, implementation and evaluation of public policies.

CAF publications support the implementation of the strategic sectors agenda driven by the institution.



# Highlighted Publications 2018

Available at CAF's open-knowledge space: : [scioteca.caf.com](http://scioteca.caf.com)

**RED 2018. Institutions for Productivity: towards a better business environment.**



With the common goal of laying the foundation for sustained and higher quality growth, CAF has been working to strengthen shareholder countries' commitment to a productivity "pact." This initiative is a priority axis of action in the institutional support strategy for shareholder countries, reflected in loan operations with governments, private companies and financial institutions, including technical assistance and knowledge generation. The starting point for improving productivity is a clear assessment of the state of affairs. RED 2018 describes the competition problems in the region and how these impact productivity. To solve them, it is necessary to enhance the capacities of competition protection agencies, reduce entry barriers faced by companies and deepen international trade and regional integration, which are still limited by non-tariff barriers and logistics obstacles. In summary, this report is a knowledge contribution about the actions that can be implemented to increase productive development in the region's countries and reflects CAF's vision of a new Latin American pact in support of productivity.

**Public-Private Partnership in Latin America. A guide for regional and local governments.**



The significant development of the Public Private Partnerships (PPP) in recent years in different Latin American countries has created a need for greater knowledge about the model so that the national and subnational governments interested in implementing it can benefit from the prior experience of other countries. This new book is the third publication in a CAF series aimed at generating PPP knowledge in the region. The book addresses three key PPP challenges for Latin America: new infrastructure using the PPP model in the telecommunications and water sectors; the need for change in terms of institutional governance; and the application of the PPP model to cities.

## Public-Private Partnerships in Latin America. Facing the challenge of connecting and improving cities.



PPPs are complex, long-lasting contract structures involving transaction and financing costs higher than conventional procedures, requiring relevant training by the public administration sector that uses them. This training need may be even more recurrent in regional or local administration spheres, where, at times, human resources are not equipped to manage these types of contracts and do not have adequate guarantees to ensure projects are financially viable. “bankable.” To improve the technical abilities of regional and local governments, which normally have less resources than national governments, CAF developed this technical guide, where it outlines some basic concepts for a better understanding of what a PPP is and is not; how to assess the use of the PPP model compared to other possible formulas; and how to undertake a typical contract structuring process.

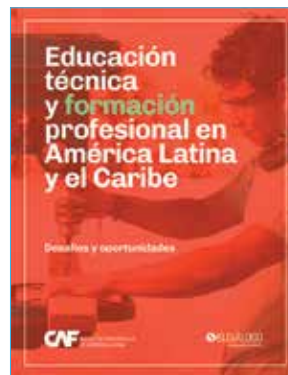
## Policies to Promote high-School Completion in Latin America and the Caribbean. Lessons learned from Mexico and Chile.



In Latin America and the Caribbean, more and more students are entering high school, but many drop out and never graduate. Although 90% of children in the region complete primary education and start high school, only 59% finish upper secondary education (UNESCO, 2017). Outside schools, teen pregnancies and high poverty levels continue to pose huge obstacles to young people's successful completion of high school. These obstacles prevent young people from continuing their studies, with significant implications for the rest of their lives.

This publication explores the causes driving school dropout rates and addresses the specific policies implemented in Chile and Mexico for students who live in risk and vulnerability conditions to prevent them from leaving school. The study seeks to understand the different reasons why young men and women abandon school and whether interventions designed to keep students from dropping out are sensitive to gender-based differences.

## Technical Education and Vocational Training in Latin America and the Caribbean: challenges and opportunities



There is general consensus about the need to invest in the competencies of young people to drive economic growth and build a sound basis for future progress. Globalization and technological advances are rapidly changing the demand for particular skills, making it increasingly necessary for education and vocational training policies to understand how to anticipate new demands and adapt to them. This is why countries in Latin America and the Caribbean have prioritized a rise in education enrollment rates—especially in the countries with the highest levels—and an improvement in the quality and relevance of educational and vocational training. The aim is to strengthen the bond between the skills developed in the educational system and those required by the job market. This approach will bolster the region's productive transformation and the social integration of its people. An overview of the status of high-school and post high-school education is presented, technical education, in particular, along with vocational training offered outside the educational system. Outstanding initiatives from different countries are highlighted, including promising innovations and—where data is available—project outcomes. Finally, opportunities for action that can lead to high-impact initiatives are presented.

### Climate Change Vulnerability and Adaptation in the Arequipa Metropolitan Area



The Southern Arequipa region, which is the focus of this document, is the second largest region in Peru in terms of GDP contribution and includes the country's second most populated city, with 869,351 inhabitants according to 2015 projections (INEI, 2012). The climate problem is perceived as an overarching concern posing a potential reduction of water availability; at the same time, more extreme climate events, such as intense rainfall, have recently impacted the city. Based on the multiple threats faced by the city of Arequipa, CAF conducted this study to identify and prioritize climate change adaptation measures. The capacity to manage climate change adaptation will reduce social, economic, territorial and environmental vulnerability in Arequipa Metropolitan Area.

### Climate Change Vulnerability and Adaptation in Guayaquil



The city of Guayaquil is located in the Guayaquil canton, on the southern boundary of the Guayas province and on the west bank of the Guayaquil river, which flows into the Pacific Ocean through the branches of the Gulf of Guayaquil's inner estuary. A large portion of the city has expanded over flatland, floodplains, mangrove areas and the river delta area (Estero Salado). Guayaquil is—and will continue to be—subject to climate change-associated alterations and effects, which no doubt make it an important problem area for the city, as these may become true challenges and obstacles to sustainable economic development and the achievement of good living standards. Based on this reality, a vulnerability assessment was conducted through the development of a Guayaquil city's vulnerability index applicable to climate change, using urban parishes as analysis units.



## Climate Change Vulnerability and Adaptation in São Paulo



CAF is supporting the implementation of climate change adaptation initiatives in the municipalities of the Metropolitan Area of the Western São Paulo Region—CIOESTE (Barueri, Carapicuíba, Cotia, Itapevi, Jandira, Osasco, Pirapora do Bom Jesus and Santana de Parnaíba). Within this context, this publication proposes to provide answers for the region and prepare it for the foreseeable consequences of the climate variability caused by climate change. The main objective is to identify climate change adaptation measures based on a vulnerability zonal analysis. A climate change vulnerability index was developed for the CIOESTE area, inspired by other existing indexes in Latin America and the Caribbean, and other indexes in Brazil. The index used in this publication covers current vulnerability, combining the information from three key variables (exposure, sensitivity and adaptation capacity), and future climate projections based on the information available for the region. The variables that have been included in the index are reflected in a set of quantitative indicators based entirely on public data, which are also regularly updated and presented on the same scale (ordinal or proportional).

## Circular Economy and Technological Innovation in solid Waste: opportunities in Latin America



Climate change is considered to be one of the major global challenges for the 21st century. There is general consensus among the majority of climate experts that global warming is the outcome of increasing greenhouse gas (GHG) concentrations in the Earth's atmosphere. If sustainable waste management systems were set in motion, developing countries and emerging economies would not only reduce their GHG emissions significantly at a relatively low cost, but would also contribute greatly to improve public health conditions and environmental protection. In this context, CAF deemed it necessary to conduct research to collect information about solid waste management and technological progress in Asian and European countries that have achieved a high degree of development in these areas, such as Japan, South Korea, Germany, Norway, Spain, Italy and Switzerland.

## Education 2018-2022 Agenda



Education is one of the instruments that can reduce poverty, promote equity and social inclusion, increase productivity, and drive sustained and quality growth for countries in order to attain sustainable development. A society that has an increased and improved education system has more chances of developing and taking advantage of the human potential of their citizens to create innovative responses and solutions to current and future challenges. This Education Agenda developed by CAF for the next five years presents an action framework for 21st-century education based on an assessment of advances and challenges in the education sector in Latin America. It also defines the institution's priorities to support initiatives by their shareholder countries following three strategic guidelines: (i) increase access to education, especially for the vulnerable population sectors; (ii) improve education quality at all levels, with an emphasis on equity; and (iii) strengthen education relevance, highlighting the bonds between education institutions, skill development and employment.

**IDEAL Price Regulation of Public Utilities Provided over Network Facilities: evolution, challenges and trends in Latin American and the Caribbean countries**



This document identifies the different trends observed in the design and implementation of price regulation in several Latin American countries following the structural reforms carried out in the 1990s. The enforcement of incentive-based regulation is analyzed from a triple-challenge perspective: the financial sustainability of water, transport and electricity services; the self-governance of regulatory agencies; and subsidy design.

**IDEAL Development of Competitive and Sustainable Tourism Activities. The opportunity for the region and the role of infrastructure.**



International tourism and associated services is one of the largest and most dynamic service markets in the world. It is a huge generator of foreign currency and employment in several developed and emerging countries. This work analyzes the international tourism and associated services market. It evaluates current tourism performance in the region and presents growth opportunities for Latin America. The role of infrastructure for industry development is also addressed, including proposed initiatives for the creation of strategic agendas to foster growth. Finally, the implications of infrastructure needs in countries of different sizes and initial competitiveness levels are reviewed.

## IDEAL Infrastructure in Latin America's Integral Development (sectoral volume)



This document reviews major infrastructure advances and trends in Latin America, covering five main sectors: transport, electricity, gas transportation, telecommunications and comprehensive water management. It highlights the exhaustion of an economic cycle, characterized by high prices of commodities exported from the region. This process has led to shrinking demands—quite dissimilar, according to the sector involved—and a reduced fiscal space, with a negative impact on public investment.

## Transport and Development in Latin America



Latin America is facing several challenges in the transport sector, including economic, social and environmental issues. Some of these challenges include traffic accident rates; pollution caused by vehicles in circulation; and difficulties posed by sustainable financing of public transport systems, associated with the motorization of cars and motorcycles. This first issue of Transport and development in Latin America attempts to delve into these phenomena, look for possible solutions and present analyses that identify the factors to understand transport problems, craft better solutions and achieve a significant reduction of sector externalities, along with promoting improvements for the region in terms of productivity, society and the environment.

## Transport and Development in Latin America. N° 2



In this second issue of Transport and Development in Latin America, CAF called on transport, sustainability and climate experts for an in-depth look at the issue at hand, asking them to propose solutions and present analyses that identify critical factors to understand the transport problem and achieve a substantial reduction in sector externalities. The aim is to achieve improved productivity, mitigate climate change risks and attain higher social equity. These articles are an invaluable contribution to disseminating knowledge about the region in an organized and systematic way using data and information to nurture discussions for better decision-making processes in the sphere of sector public policies.



# Virtual Training

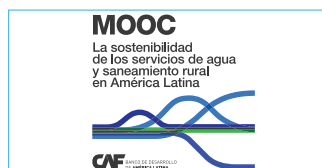
In 2018, CAF spearheaded a virtual training program aimed at national and subnational public officials in Latin America through massive open online courses (MOOC). The objective of the program is to strengthen the technical skills and competencies of public officials engaged with the design and execution of public policies and programs, by means of practical tools and theoretical knowledge taught by CAF specialists and international experts in a virtual setting.

During 2018, CAF developed and launched nine virtual courses with a total of 23,083 enrolled participants.

Participants rated the courses 4.43 out of five on average. Also, most of the students stated that they would recommend the course they took. One of the most relevant aspects is that 85% of the participants were Latin American, for the most part, university graduates, 25 to 44 years old on average: <https://miriadax.net/web/caf-banco-desarrollo-america-latina/inicio?timestamp=>



The courses  
are available at  
this link.



### The Sustainability of Rural Water and Sanitation Services in Latin America

The course analyzes and discusses the context of rural water and sanitation projects. It takes a look at the relevant aspects of their formulation, execution and the evaluation of results, incorporating good practices and lessons learned from the respective countries. The end objective is to contribute to improved management and sustainability of water and sanitation services in rural areas.



### Sustainable Road Construction: how to prevent and solve damage to flexible pavements

This course focuses on addressing issues with flexible pavement. It reviews the most appropriate techniques to prevent these problems and treat each type that could affect road pavement in favor of safety and cost reductions on a global scale. Understanding the most common complications with flexible pavements, analyzing possible causes and solutions, is essential not only to ensure proper repair, but also to avoid future recurrence.



### CAF Method for the Accelerated Development of Patents

This course teaches students to write the specifications for a patent application, including drawings, database management, and state-of-the-art review, as well as define efficient patenting strategies that will allow them to optimize time and resources while generating an impact on their country's development, growth, competitiveness and productivity.



### Introduction to Impact Assessment for Public Management

This course explains how experimental and quasi-experimental methodology can be used to make better decisions within an organization, driving a process of learning and continuous improvement. In addition, the course covers how impact assessments help to make better decisions regarding public resources: how to identify assessment opportunities, what a reliable impact assessment consists of, how to take advantage of the lessons from an impact assessment, and how to drive a learning agenda within an institution.





### Introduction to PPP Contract Management - 2nd edition

This introductory course focuses on the execution phase of projects from the point of view of the granting authority by giving examples, recommendations and good practices for efficient PPP contract management. The course is divided into three blocks: contract analysis and their legal and institutional framework, the supervision of the contractor's work during the execution and operation phases, and contract modifications.

**Also available in Portuguese:  
Introdução à Gestão de Contratos de Parcerias Público-Privado**



### PPP Contract Management I: organization and operational manual

This is the first of three virtual courses specialized in PPP contract management, and gives continuation to the PPP contract management introductory course. It examines how to select the appropriate teams for each task, define the schedule and identify the critical points, perform good communication management and exchange information with the different work teams, tackle the most relevant administrative tasks and draft a manual for managing a PPP contract.



### PPP Contract Management II: modification, renegotiation and rebalancing

This is the second of the three virtual courses specialized in PPP contract management. During this course, students will come to understand and manage the risks of PPP contracts more efficiently from the point of view of the administration with the support of specialized personnel. Contents cover how to deal with contract modifications, renegotiations, and rebalancing; how to anticipate the materialization of contract risks; what tools exist and how to use them. It also analyzes how to act when risks actually materialize. Students will learn the way to assess the impacts and compensations that occur.



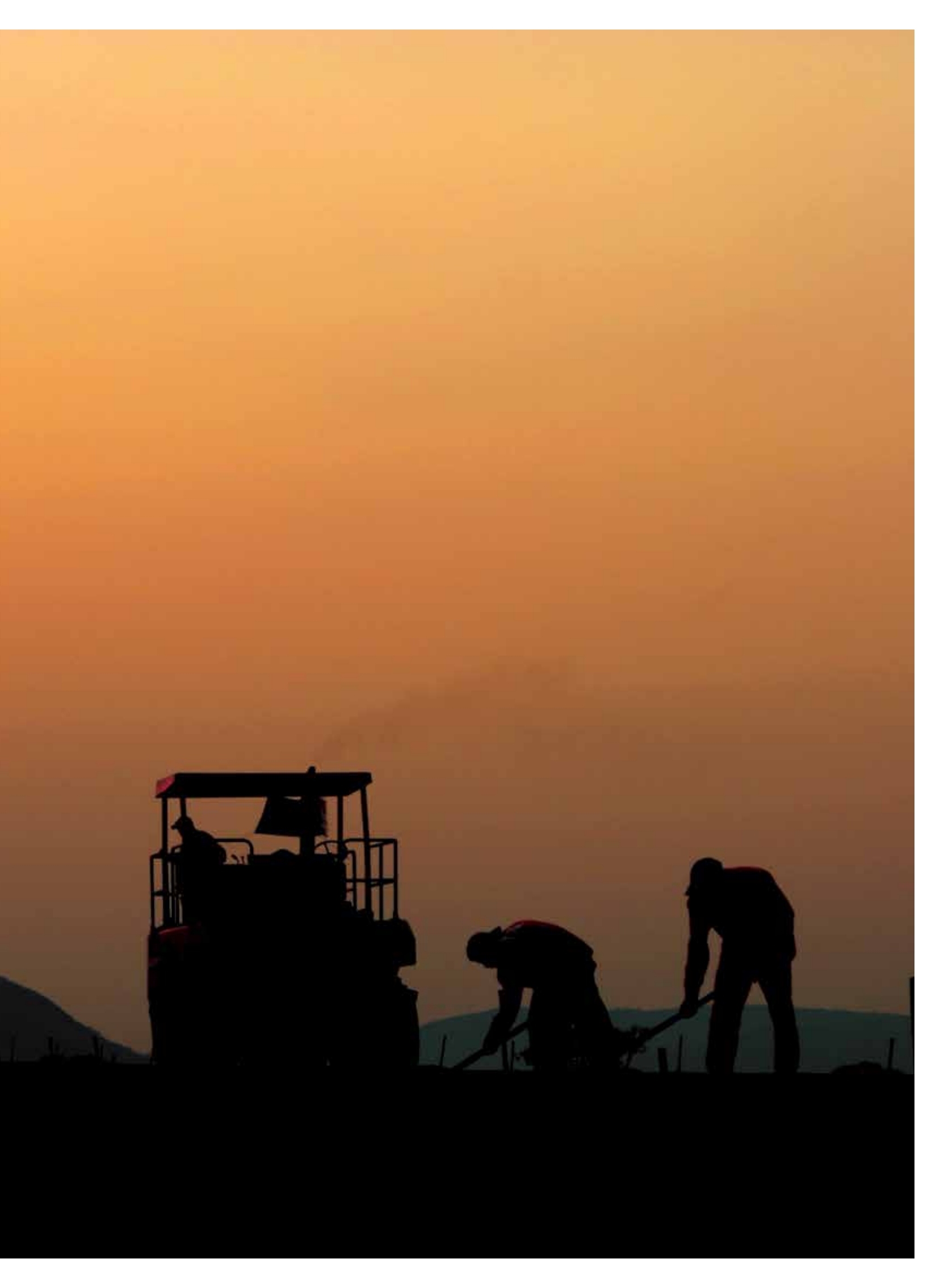
### PPP Contract Management III: Breaches, seizure and early termination of contracts

This is the third and final virtual course specialized in PPP contract management. It teaches students how to assess the situations in which the contract can be seized or terminated early so participants can adopt these measures and assess their economic implications effectively.

The course shows how to properly monitor a PPP contract, and when and how to act in the event of a breach of contract (e.g., penalties and fines). It also discusses contract seizure and early termination.

# Management's Review of CAF's Financial Evolution







# Management's Discussion and Analysis of Financial Condition

In 2018, CAF reaffirmed its position as one of the most important sources of multilateral financing in Latin America and the Caribbean, as shown by levels of approvals (USD 13.7 billion) and disbursements (USD 10.5 billion), mainly directed toward medium and long-term project financing.

During 2018, credit rating agencies continued to recognize CAF's creditworthiness and role as one of the main multilateral institutions in the region. In this regard, Fitch Ratings, Japan Credit Ratings, Moody's Investors Service and Standard & Poor's reaffirmed CAF's short and long term debt ratings as shown in Table 1. However, Standard & Poor's revised and changed CAF's credit outlook from stable to negative based on external factors related to worsening economic conditions on some of its shareholderers.

**TABLE 1. Credit Ratings**

	Long Term	Short term	Outlook
Fitch Ratings <sup>1</sup>	AA-	F1+	Stable
Japan Credit Rating Agency	AA	-	Stable
Moody's Investors Service	Aa3	P-1	Stable
Standard & Poor's <sup>2</sup>	AA-	A-1+	Negative

As of December 31, 2018

CAF's credit ratings positioned the institution among Latin American issuers with the highest credit ratings. This reflects the strength and stability of CAF's financial indicators, the prudent management of its credit and financial policies, the independence with which it undertakes its operations and the continuous support of its shareholder countries.

As further evidence of the support from the shareholder countries, in November 2015 the Board of Directors approved a general paid-in capital increase of USD 4.5 billion. These resources will allow CAF to continue to grow and maintain solid financial indicators. As of 2018, the majority of shareholder countries

1. In January 2019, Fitch Ratings revised CAF's credit outlook to Negative.

2. In February 2019, Standard & Poor's downgraded CAF's rating to A+/A-1.

subscribed agreements for USD 4.3 billion. At the same time, shareholders continued to make substantial paid-in capital contributions, for a total of USD 518 million.

Operating income<sup>3</sup> in 2018 was USD 311 million, which represents an increase with respect to the previous year, mainly driven by an increase in the average 6-month LIBOR rate from 1.47% in 2017 to 2.48% in 2018, and by a sustained growth in the loan portfolio. The main profitability indicator- Return on Equity (ROE) - was 2.7%.

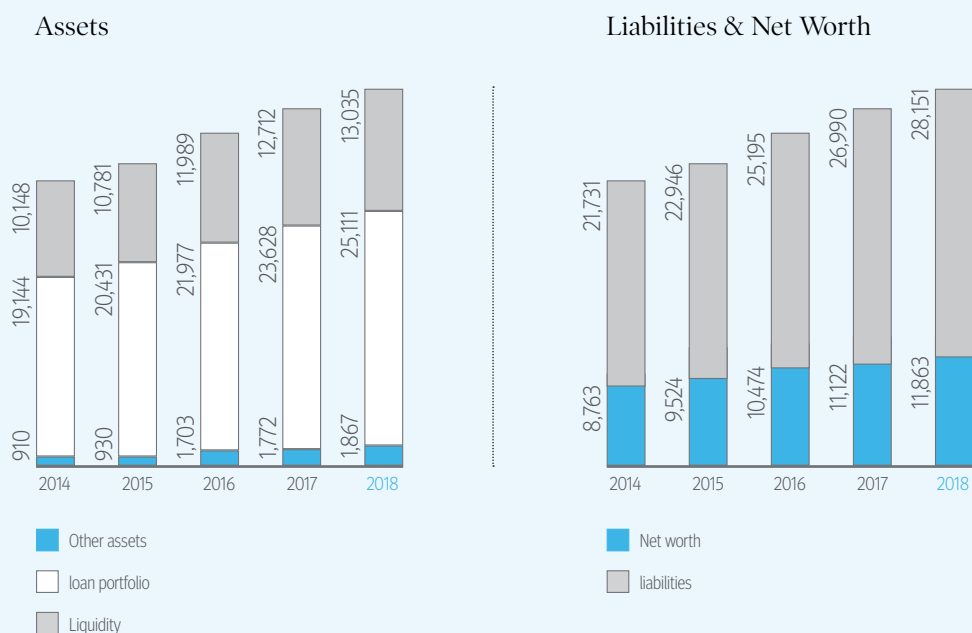
In 2018, the institution issued 19 bonds for approximately USD 4.9 billion in the international capital markets, including three Global benchmarks (one in US dollar and two in Euros) and the first three green-bonds in the history of the institution. In addition, CAF continued diversifying its investor base by issuing in eight different currencies.

Regarding short-term borrowings, time deposits reached a year-end balance of USD 3.2 billion. Commercial papers in the United States and European markets were another important source of funds, with a closing balance of USD 641 million.

3. Operating Income is defined as net income before unrealized changes in the fair value related to financial instruments and contributions to stockholders' special funds.

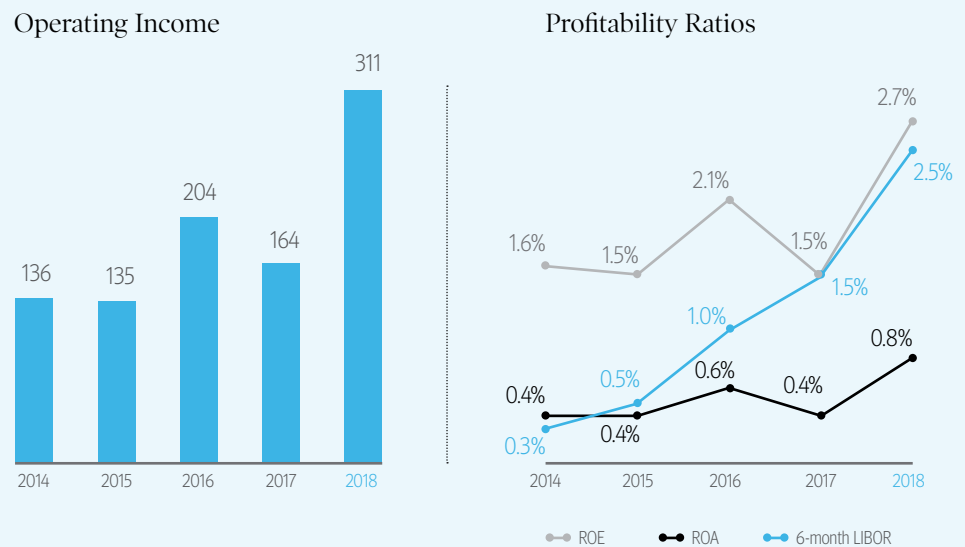
In 2018, CAF's liabilities maturity profile and liquidity ratios improved given the higher concentration of long-term funding.

**FIGURE 1. Balance Sheet** As of December 31 of each year (in millions of USD)



CAF issued 19 bonds in international markets for approximately USD 4.9 billion in 2018.

**FIGURE 2. Operating Income and Profitability**  
As of December 31 of each year (in millions of USD)



## Summary of Financial Statements

During 2018, CAF's total assets reached USD 40.0 billion, representing an increase of 5.0% with respect to the previous year (Figure 1). This increase was not only due to the growth of the loan portfolio but also to an increase in liquidity. The loan portfolio closed at USD 25.1 billion, 6.3% higher than the previous year, and liquidity reached USD 13.0 billion, 2.5% higher than the prior year, and equivalent to 32.6% of the total assets and 48.7% of total financial liabilities.

At year-end 2018, CAF's total net worth was USD 11.9 billion with paid-in capital of USD 5.2 billion, additional paid-in capital of USD 3.6 billion and USD 3.1 billion in the form of reserves and retained earnings. At the end of 2018, net worth represented 29.7% of total assets and 41.1% of risk-weighted assets according to the methodology established in the Basel Accord.

Net interest income in 2018 increased by 25.9% as a result of a combined increase in the LIBOR rate and the loan portfolio and a reduction in funding costs.

Operating income was USD 311 million in 2018 and the ROE was 2.7%, showing an increase when compared to the previous year (Figure 2). The Return on Assets (ROA) for the year was 0.83%.

As of December 31, 2018,  
CAF's total equity reached  
USD 11.9 billion, with a paid-  
in capital of USD 5.2 billion.

## Loan Portfolio

At year-end 2018, the loan portfolio reached USD 25.1 billion, which represents an increase of 6.3% compared to the USD 23.6 billion of the previous year.

The loan portfolio distribution continued to be largely concentrated in public sector projects, representing 81.1% of the total portfolio as of December 31, 2018. Regarding the distribution of the loan portfolio by country, Ecuador and Argentina had the largest exposures with 14.0% each of the total loan portfolio, followed by Venezuela with 13.7%, Colombia with 11.5%, Bolivia with 10.1%, Peru with 8.0%, Brazil with 6.8%, Panama with 6.7%, Uruguay with 3.8%, Mexico with 2.6%, Trinidad and Tobago with 2.3% and Paraguay with 1.8%. The increasing participation of the new full-member shareholders contributes to the diversification of the loan portfolio. In this respect, the new full-members accounted for 35.4% of the loan portfolio at year-end 2018.

The leading development projects by sectors financed by CAF in 2018 were transportation infrastructure, which represented 27.3% of the loan portfolio, energy projects with 23.0%, public administration with 17.2%, financial sector with 12.8% and water and sanitation with 8.9%.

At year-end 2018, the non-accrual ratio was 0.45% of the total loan portfolio and provisions for loan losses reached USD 64.8 million or 0.26% of the loan portfolio. In 2018, written-off loans accounted for USD 13.2 million (Table 2).

**TABLE 2. Asset Quality** (in millions of USD)

	2014	2015	2016	2017	2018
Overdues	0.0	0.0	7.5	94.7	124.3
Loans in non-accrual status	16.5	0.0	120.8	138.7	112.7
Allowance for loan losses	55.8	58.9	63.7	67.2	64.8
Overdue as a percentage of loan portfolio	0.00%	0.00%	0.00%	0.40%	0.49%
Non-accrual loans as a percentage of loan portfolio	0.09%	0.00%	0.55%	0.59%	0.45%
Allowance as a percentage of loan portfolio	0.29%	0.29%	0.29%	0.28%	0.26%

## Liquid Assets

As of December 31, 2018, liquid assets totaled USD 13.0 billion, equivalent to 32.6% of total assets. The investment portfolio was characterized by its short duration, which averaged 0.27 years. As evidence of its excellent credit rating, this portfolio had an average rating of AA/Aa2. CAF's policies require that at least 90% of its liquid assets have to be held in instruments with credit ratings of at least A-/A3.



# Funding

---

At year-end 2018, total financial liabilities were USD 26.8 billion, while total liabilities reached USD 28.1 billion.

The institution issued 19 bonds for an approximate amount of USD 4.9 billion in 2018. Additionally, CAF continued diversifying its geographic distribution, issuing in eight different currencies around the world.

During 2018, CAF issued three global benchmark transactions, one US dollar benchmark for 750 million and two Euro benchmarks, one for EUR 1.0 billion and another for USD 500 million. These issuances were very successful in terms of competitive funding costs and diversification of CAF's investor base. It is important to notice that this is the first time in CAF's history that the institution issues two Euro benchmark transactions in one year, accounting for the highest amount raised in that market.

In addition, the institution has developed a new green bond program specifically aimed at financing projects that comprise a positive environmental impact. In that context, during 2018 three green bonds were issued for a total amount of USD 132 million, denominated in Colombian pesos and US dollars and placed with international investors with a mandate to invest in this type of instruments.

Complementarily, a private debt program was created in Uruguay to meet specific financing needs in local currency. This program will have a maximum amount of UI 280 million (Unidades Indexadas) and will be used to co-finance projects with the Infrastructure Finance Debt Vehicle in Uruguay (VEFIU).

Additionally, CAF continued the strategy of establishing itself as a frequent issuer in the markets of Switzerland and Australia. In 2018 a bond for CHF 115 million was issued with a maturity of seven years. Likewise, the presence in the Australian market continues to consolidate with a 10.5-year issue for AUD 75 million and another 5-year bond for AUD 100 million. Finally, there were private placements in US dollars, Mexican pesos, Peruvian soles, Colombian pesos and Indonesian rupees, being the first time CAF issues in this currency, reaching a total of sixteen different currencies in its bond portfolio.

With respect to short-term borrowings, CAF has maintained its presence in the commercial paper markets in the United States and Europe. Borrowing spreads remained competitive in 2018, contributing to lower the average funding costs for the year.

Time deposits also represented an important source of short-term funding, reaching USD 3.2 billion by year-end 2018. Therefore, these instruments have maintained their importance as a competitive and stable source of funding.

CAF developed a new green bond program specifically aimed at financing projects with a positive environmental impact.

The change in the liabilities structure, where there is now a higher concentration in long-term financing, has increased through the years and consolidated in 2018. This fact has improved the maturity profile of CAF's liabilities, as well as its liquidity ratios.

With respect to medium and long-term loans from development financial institutions, international agencies and multilateral banks, two new credit lines were negotiated, one for USD 170 million with KfW and another for USD 130 million with Instituto de Crédito Oficial (ICO). While the KfW credit line is focused on projects improving energy efficiency use, the ICO credit line is aimed to fund infrastructure projects involving Spanish companies. Additionally, CAF continues to focus on developing opportunities for new credit lines and sources of technical cooperation funds, as well as access to new local currency providers.

In 2018, co-financing deals totaling USD 1.3 billion were achieved for public sector projects in infrastructure, water and sanitation, urban transport and the environment. It is important to highlight the participation of new partners in these projects, such as the Green Climate Fund and the New Development Bank, along with traditional ones such as KfW, AfD (France), OFID and EIB. During the same year, two A/B loans were approved: Cafayate Project in Argentina and Banco Regional in Paraguay, for a total of USD 175 million, of which USD 95 million corresponded to portion B and USD 20 million to a parallel loan. Finally, it is also important to note the participation of new partners in these transactions such as Bank of China, Cargill and Banco de Credito del Peru.

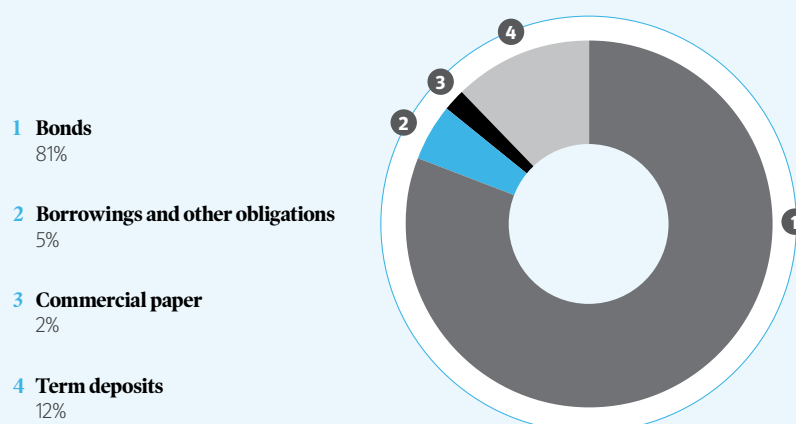
As of December 31, 2018, 83.2% of CAF's total indebtedness came from international capital markets. The main source of funding was bond issuances, representing 80.8% of financial liabilities (Figure 3) and commercial papers with 2.4%. Additionally, deposits received accounted for 12.0% and other medium- and long-term loans and credit lines with 4.8%.

Details of CAF's 2018 bond issues are shown in Table 3.

**TABLE 3. 2018 Bond Issues in the International Markets**

Date	Market	Amount in currency of issuance (in millions)	Equivalent in USD million
<b>Bond Issuance</b>			
January	Australian	AUD 75	59
February	Euro	EUR 1,000	1,233
May	Swiss	CHF 115	118
June	Euro	EUR 500	589
October	Australian	AUD 100	71
November	USA	USD 750	750
	Private placements		2,080
	<b>Total 2018</b>		<b>4,900</b>
<b>Short-Term Issuance Programs</b>			
	Commercial paper (USA)	USD 2,000	2,000
	Commercial paper (Europe)	USD 3,000	3,000

**FIGURE 3. Financial Liabilities as of December 31, 2018**



## Capital

During 2018, CAF received USD 518 million in capital contributions from its shareholders. Most of these contributions correspond to the general capital increases approved in 2015, when CAF's Board of Directors approved a general paid-in capital increase for up to USD 4.5 billion, of which up to USD 4 billion is available to be subscribed by the Series B shareholders and up to USD 500 million for the Series C shareholders. Capital contributions that began in 2017, will not only provide CAF with additional growth capacity to meet the shareholders' needs, but also will strengthen its equity position. The majority of the shareholder countries subscribed a total amount of USD 4.3 billion between 2016 and 2018.

At year-end 2018, net worth reached USD 11.9 billion, 6.7% higher than the amount registered in 2017, strengthened by capital contributions made by shareholder countries and retained earnings.

Favored by the increase in shareholders' equity, CAF's capitalization ratios remained above the levels established by the institution's internal policies (Table 4).

**TABLE 4. Capitalization Ratios**

	2014	2015	2016	2017	2018
Gearing (times) <sup>1</sup>	2.5	2.4	2.4	2.4	2.4
Leverage (times) <sup>2</sup>	2.4	2.3	2.3	2.3	2.3
Capital/Risk-Weighted Assets (BIS) <sup>3</sup>	35.8%	36.6%	40.3%	40.0%	41.1%

1. According to CAF's Articles of Agreement, this exposure measure should be less than or equal to 4.0 times.

2. According to CAF's Articles of Agreement, this indebtedness measure should be less than or equal to 3.5 times.

3. According to CAF's Board of Directors Policies, the capitalization level calculated in accordance with the Basel methodology should be greater than or equal to 30%.

## Asset Liability Management

---

In order to mitigate foreign exchange risk as well as interest rates risk, CAF's lending and borrowing activities are primarily conducted in floating rates and U.S. Dollars. As of December 31, 2018, 98.8% of assets, and 97.9% of liabilities were denominated in U.S. Dollars after swaps, while 99.3% of the loans and 99.1% of the financial liabilities were based on LIBOR after swaps. Transactions that are not denominated in U.S. Dollars or based on LIBOR are converted through swaps to those terms. The swaps book reached USD 22.7 billion at year-end 2018. CAF's policies establish that swap counterparties must be rated at least A-/A3 or have a credit support annex (CSA). Thus, CAF has established CSA agreements with its derivatives counterparts, reducing the credit risk since valuations are made on a mark-to-market basis and the debtor has to post the corresponding collateral within certain predetermined parameters. CAF does not trade derivatives on its own account. Derivative instruments are used only for hedging purposes.

CAF seeks to maintain a conservative relationship between the average term of its assets and liabilities. As of December 31, 2018, the average life of its assets was 3.9 years and that of its liabilities 4.9 years. ■



# Audited Financial Statements

As of and for the years ended  
December 31, 2018 and 2017

Management's Report on the  
Effectiveness of Internal Control  
over Financial Reporting

Independent Auditors' Report  
on Internal Control over  
Financial Reporting

Independent Auditors' Report  
on Financial Statements

Balance Sheets

Statements of Comprehensive  
Income

Statements of Stockholders'  
Equity

Statements of Cash Flows

Notes to the Financial  
Statements

## Management's Report on the Effectiveness of Internal Control over Financial Reporting

Corporación Andina de Fomento ("CAF")'s internal control over financial reporting is a process effected by those in charge of governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

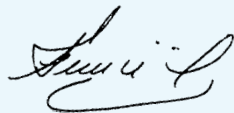
The Management of CAF is responsible for designing, implementing and maintaining effective internal control over financial reporting. Management has assessed the effectiveness of CAF's internal control over financial reporting as of December 31, 2018, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that assessment, CAF's Management concluded that CAF's internal control over financial reporting is effective as of December 31, 2018.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CAF's financial statements as of December 31, 2018, have been audited by an independent accounting firm, which has also issued an independent auditors' report on CAF's internal control over financial reporting. The audit report, which is included in this document, expresses an unmodified opinion on CAF's internal control over financial reporting as of December 31, 2018.



**Luis Carranza Urgate**  
Executive President



**Franca Capobianco**  
Acting Accounting Director



**Elvira Lupo de Velarde**  
Vice-President of Administration

February 15, 2019



**Lara Marambio & Asociados**

RIF.: J-00327665-0

Torre B.O.D., Piso 21

Av. Blandín, La Castellana

Caracas 1060 - Venezuela

Tel: +58(212) 206 8501

Fax: +58(212) 206 8870

[www.deloitte.com/ve](http://www.deloitte.com/ve)

## Independent Auditors' Report on Internal Control over Financial Reporting

To the Board of Directors and Stockholders of  
Corporación Andina de Fomento (CAF)

We have audited the internal control over financial reporting of Corporación Andina de Fomento (CAF) as of December 31, 2018, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### **Management's Responsibility for Internal Control over Financial Reporting**

CAF's management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the CAF's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Definition and Inherent Limitations of Internal Control over Financial Reporting**

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, Corporación Andina de Fomento (CAF) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### **Report on Financial Statements**

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of CAF as of and for the years ended December 31, 2018 and 2017, and our report dated February 15, 2019, expressed an unmodified opinion on those financial statements.



February 15, 2019  
Caracas, Venezuela

Lara Marambio & Asociados. A member firm of Deloitte Touche Tohmatsu Limited.

[www.deloitte.com/ve](http://www.deloitte.com/ve)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.





**Lara Marambio & Asociados**

RIF.: J-00327665-0

Torre B.O.D., Piso 21

Av. Blandín, La Castellana

Caracas 1060 - Venezuela

Tel: +58(212) 206 8501

Fax: +58(212) 206 8870

[www.deloitte.com/ve](http://www.deloitte.com/ve)

## Independent Auditors' Report on Financial Statements

To the Board of Directors and Stockholders of  
Corporación Andina de Fomento (CAF)

We have audited the accompanying financial statements of Corporación Andina de Fomento (CAF), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporación Andina de Fomento (CAF) as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Internal Control over Financial Reporting**

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the CAF's internal control over financial reporting as of December 31, 2018, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2019, expressed an unmodified opinion on the CAF's internal control over financial reporting.

The Deloitte logo is written in a black, cursive script font.

February 15, 2019  
Caracas, Venezuela

Lara Marambio & Asociados. A member firm of Deloitte Touche Tohmatsu Limited.

[www.deloitte.com/ve](http://www.deloitte.com/ve)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

# Corporación Andina de Fomento (CAF)

## Balance Sheets

As of December 31, 2018 and 2017  
(In thousands of U.S. dollars)

<b>ASSETS</b>	<b>NOTES</b>	<b>2018</b>	<b>2017</b>
Cash and due from banks		127,355	61,294
Deposits with banks		2,594,312	2,001,766
Cash and deposits with banks	<b>3</b>	<u>2,721,667</u>	<u>2,063,060</u>
Marketable securities:			
Trading	<b>4 and 20</b>	9,654,956	9,194,991
Other investments	<b>5</b>	658,750	1,453,869
Loans (US\$ 74,402 and US\$ 49,007 at fair value as of December 31, 2018 and 2017)	<b>6 and 20</b>	25,111,387	23,628,073
Less loan commissions, net of origination costs		102,823	97,530
Less allowance for loan losses	<b>6</b>	64,848	67,225
Loans, net		<u>24,943,716</u>	<u>23,463,318</u>
Accrued interest and commissions receivable		523,098	427,702
Equity investments	<b>7</b>	459,667	433,025
Derivative financial instruments	<b>19 and 20</b>	184,805	532,668
Property and equipment, net	<b>8</b>	106,046	90,415
Other assets	<b>9</b>	<u>761,542</u>	<u>452,518</u>
<b>TOTAL</b>		<u><u>40,014,247</u></u>	<u><u>38,111,566</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits	<b>10</b>	3,210,545	2,950,143
Commercial paper	<b>11</b>	641,295	1,770,676
Borrowings (US\$ 470,220 and US\$ 550,563 at fair value as of December 31, 2018 and 2017), net	<b>12 and 20</b>	1,284,269	1,417,265
Bonds (US\$ 21,461,610 and US\$ 19,559,372 at fair value as of December 31, 2018 and 2017), net	<b>13 and 20</b>	21,620,093	19,718,627
Accrued interest payable		394,233	314,660
Derivative financial instruments	<b>19 and 20</b>	876,784	553,594
Accrued expenses and other liabilities	<b>14</b>	<u>123,628</u>	<u>264,865</u>
Total liabilities		<u>28,150,847</u>	<u>26,989,830</u>
<b>STOCKHOLDERS' EQUITY:</b>			
Subscribed capital	<b>16 and 17</b>	7,989,620	7,987,370
Less callable capital portion		1,589,660	1,589,660
Less capital subscriptions receivable		<u>1,233,240</u>	<u>1,413,415</u>
Paid-in capital		<u>5,166,720</u>	<u>4,984,295</u>
Additional paid-in capital		3,595,133	3,259,471
Reserves		2,877,970	2,801,571
Retained earnings		<u>223,577</u>	<u>76,399</u>
Total stockholders' equity		<u>11,863,400</u>	<u>11,121,736</u>
<b>TOTAL</b>		<u><u>40,014,247</u></u>	<u><u>38,111,566</u></u>

See accompanying notes to the financial statements: <http://scioteca.caf.com>

# Corporación Andina de Fomento (CAF)

## Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017  
(In thousands of U.S. dollars)

	<u>NOTES</u>	<u>2018</u>	<u>2017</u>
Interest income:			
Loans	<b>2 (f)</b>	1,028,928	798,295
Investments and deposits with banks	<b>2 (e), 3 and 4</b>	239,909	162,908
Loan commissions	<b>2 (f)</b>	41,337	40,822
Total interest income		<u>1,310,174</u>	<u>1,002,025</u>
Interest expense:			
Bonds		715,186	517,955
Deposits		47,538	34,011
Commercial paper		15,535	25,265
Borrowings		43,302	32,115
Commissions		9,594	12,241
Total interest expense		<u>831,155</u>	<u>621,587</u>
Net interest income		479,019	380,438
Provision for loan losses	<b>6</b>	<u>13,192</u>	<u>69,902</u>
Net interest income, after provision for loan losses		<u>465,827</u>	<u>310,536</u>
Non-interest income:			
Other commissions		2,581	3,264
Dividends and equity in earnings of investees	<b>7</b>	8,922	9,523
Unrealized changes in fair value related to equity investment	<b>7</b>	13,691	-
Other income		4,698	3,171
Total non-interest income		<u>29,892</u>	<u>15,958</u>
Non-interest expenses:			
Administrative expenses	<b>23</b>	158,288	150,135
Impairment charge for equity investments	<b>7</b>	21,991	11,000
Other expenses		4,537	1,197
Total non-interest expenses		<u>184,816</u>	<u>162,332</u>
Income before unrealized changes in fair value related to financial instruments and contributions to Stockholders' Special Funds		310,903	164,162
Unrealized changes in fair value related to financial instruments	<b>21</b>	<u>504</u>	<u>4,301</u>
Income before contributions to Stockholders' Special Funds		311,407	168,463
Contributions to Stockholders' Special Funds	<b>24</b>	<u>87,830</u>	<u>92,064</u>
Net income		223,577	76,399
Other comprehensive income:			
Amortization of defined benefit pension items	<b>15 and 17</b>	<u>-</u>	<u>1,563</u>
Total comprehensive income		<u><u>223,577</u></u>	<u><u>77,962</u></u>

See accompanying notes to the financial statements: <http://scioteca.caf.com>



# Corporación Andina de Fomento (CAF)

## Statements of Stockholders' Equity

For the years ended December 31, 2018 and 2017  
(In thousands of U.S. dollars)

	Note	Paid-in capital	Additional Paid-in capital	Reserves			Accumulated other Comprehensive income	Retained earnings	Total stockholders' equity
				General reserve	Article N° 42 of the Constitutive Agreement	Total reserves			
BALANCES AT DECEMBER 31, 2016		4,783,545	2,890,091	2,205,853	473,000	2,678,853	(1,563)	122,718	10,473,644
Capital increase	16	200,750	369,380	-	-	-	-	-	570,130
Net income	16	-	-	-	-	-	-	76,399	76,399
Appropriated for general reserve	16	-	-	110,218	-	110,218	-	(110,218)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	12,500	12,500	-	(12,500)	-
Other comprehensive income	17	-	-	-	-	-	1,563	-	1,563
BALANCES AT DECEMBER 31, 2017		4,984,295	3,259,471	2,316,071	485,500	2,801,571	-	76,399	11,121,736
Capital increase	16	182,425	335,662	-	-	-	-	-	518,087
Net income	16	-	-	-	-	-	-	223,577	223,577
Appropriated for general reserve	16	-	-	68,699	-	68,699	-	(68,699)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	7,700	7,700	-	(7,700)	-
BALANCES AT DECEMBER 31, 2018		5,166,720	3,595,133	2,384,770	493,200	2,877,970	-	223,577	11,863,400

See accompanying notes to the financial statements: <http://scioteca.caf.com>

# Corporación Andina de Fomento (CAF)

## Statements of Cash Flows

For the years ended December 31, 2018 and 2017  
(In thousands of U.S. dollars)

	<u>NOTE</u>	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES:			
Net income		223,577	76,399
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Unrealized gain on trading securities	<b>4</b>	(1,750)	(1,332)
Amortization of loan commissions, net of origination costs		(16,406)	(15,822)
Provision for loan losses	<b>6</b>	13,192	69,902
Impairment charge for equity investments	<b>7</b>	21,991	11,000
Unrealized changes in fair value related to equity investment	<b>7</b>	(13,691)	-
Equity in earnings of investees		(3,436)	(4,175)
Amortization of deferred charges		6,120	5,082
Depreciation of property and equipment	<b>8</b>	6,005	5,767
Provision for employees' severance benefits		13,080	12,645
Provision for employees' savings plan		1,121	1,197
Unrealized changes in fair value related to financial instruments		(504)	(4,301)
Net changes in operating assets and liabilities:			
Severance benefits paid or advanced		(12,124)	(10,874)
Employees' savings plan paid or advanced		(3,769)	(2,963)
Trading securities, net		(445,068)	73,409
Interest and commissions receivable		(95,399)	(83,018)
Other assets		3,265	(7,614)
Accrued interest payable		79,572	33,601
Accrued expenses and other liabilities		(148)	12,591
Total adjustments and net changes in operating assets and liabilities		<u>(447,949)</u>	<u>95,095</u>
Net cash (used in) provided by operating activities		<u>(224,372)</u>	<u>171,494</u>
INVESTING ACTIVITIES:			
Purchases of other investments	<b>5</b>	(2,315,421)	(3,667,575)
Maturities of other investments	<b>5</b>	3,110,541	3,210,260
Loan origination and principal collections, net	<b>6</b>	(1,475,133)	(1,703,184)
Equity investments, net	<b>7</b>	(31,506)	(53,799)
Property and equipment, net	<b>8</b>	<u>(21,636)</u>	<u>(20,982)</u>
Net cash used in investing activities		<u>(733,155)</u>	<u>(2,235,280)</u>
Carried forward		<u>(957,527)</u>	<u>(2,063,786)</u>

See accompanying notes to the financial statements: <http://scioteca.caf.com>

# Corporación Andina de Fomento (CAF)

## Statements of Cash Flows

For the years ended December 31, 2018 and 2017  
(In thousands of U.S. dollars)

	<u>2018</u>	<u>2017</u>
Brought forward	(957,527)	(2,063,786)
FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	260,402	(148,740)
Proceeds from commercial paper	2,629,208	3,864,251
Repayment of commercial paper	(3,758,589)	(4,206,292)
Net (increase) decrease in derivative-related collateral	(457,805)	626,566
Proceeds from issuance of bonds	4,900,589	3,809,731
Repayment of bonds	(2,355,306)	(2,098,519)
Proceeds from borrowings	169,699	141,804
Repayment of borrowings	(290,151)	(156,855)
Proceeds from issuance of shares	518,087	570,130
Net cash provided by financing activities	<u>1,616,134</u>	<u>2,402,076</u>
NET INCREASE IN CASH AND DEPOSITS WITH BANKS	658,607	338,290
CASH AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR	<u>2,063,060</u>	<u>1,724,770</u>
CASH AND DEPOSITS WITH BANKS AT END OF THE YEAR	<u><u>2,721,667</u></u>	<u><u>2,063,060</u></u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid during the period	<u>727,661</u>	<u>561,366</u>
NON-CASH FINANCING ACTIVITIES:		
Changes in derivative financial instruments assets	<u>347,863</u>	<u>(414,315)</u>
Changes in derivative financial instruments liabilities	<u>323,190</u>	<u>(467,698)</u>

See accompanying notes to the financial statements <http://scioteca.caf.com>

# Governing Bodies and Chief Corporate Officers

## Corporación Andina de Fomento (CAF)

### Shareholders' Assembly<sup>1</sup>

The Shareholders' Meeting is CAF's highest authority. It meets in ordinary sessions once a year, within ninety days following the end of the fiscal year or in extraordinary sessions, according to the matter under consideration. The Assembly is formed by Series A, B and C shareholders. The Assembly approves the Annual Report of the Board of Directors as well as the audited financial statements, and determines the allocation of CAF's profits. In addition, it elects Board members according to the provisions set forth in the agreement establishing Corporación Andina de Fomento, appoints the external auditors and examines other issues submitted to its consideration.

### Board Of Directors<sup>2</sup>

The Board of Directors is formed by representatives of Series A, B and C shareholders. It establishes CAF's policies; appoints the Executive President; approves loans, guarantees, investments and other operations within CAF's mandate, as well as the annual expense budget. Approval of certain operations is delegated to the Executive President, according to the parameters set forth by the Board.

### Audit Committee<sup>3</sup>

The Audit Committee was established by the Board of Directors in July 1996. It is presided over by the Chairman of the Board, in addition to Directors elected by the Board for a two-year period, and CAF's Executive President. The Audit Committee recommends the selection and hiring of external auditors; reviews their annual work program, CAF's financial statements, including the external auditors' opinion, and the Annual Administrative Expense and Investment Budget before it is submitted to the Board and the Shareholders' Assembly. It also reviews the Internal Audit reports on the main issues regarding the validity of the internal control system structure, as well as the annual portfolio risk and investment management and control program, including the annual report on its implementation.

### Executive President

The Executive President is CAF's legal representative. He is in charge of the Institution's overall supervision and management, as well as all matters that are not specifically entrusted to any other governing body. In addition, he approves CAF's country and sector strategic plans, institutional structures and processes under his authority, and CAF's financial operations within the limits delegated to him by the Board of Directors. An Advisory Board composed of regional economic, financial and business community experts supports the Executive President in the review of CAF's strategic goals. The Executive President is appointed for a five-year term and may be re-elected.

1. The XLIX Ordinary Shareholders' Meeting was held on March 13, 2018.

2. In 2018, three Board meetings were held: March 13 (CLXII Board Meeting), July 16 (CLXIII Board Meeting) and December 4 (CLXIV Board Meeting).

3. In 2018, the Audit Committee met twice: March 12 (XXXI Audit Committee Meeting) and December 3 (XXXII Audit Committee Meeting).



# CAF'S Board of Directors

## Period 2017- 2020

President of the Board of Directors  
(From April 1, 2018 until March 31, 2019)\*

**Esteves Colnago Junior**  
Minister of Planning, Development and Management, Brazil

### Series "A" shares, period 2017 – 2020

#### ARGENTINA

**Principal: Nicolás Dujovne**  
Minister of Treasury and Finance  
**Alternate: Félix Martín Soto**  
Under Secretary for International  
Financial Relations, Ministry of Finance

#### ECUADOR

**Principal: Juan Carlos Jácome**  
Chairman of Corporación Financiera  
Nacional's Board of Directors  
**Alternate: Munir Massuh Manzur**  
General Manager of Corporación  
Financiera Nacional

#### TRINIDAD AND TOBAGO

**Principal: Colm Imbert**  
Minister of Finance  
**Alternate: Alvin Hilaire**  
Governor of the Central Bank  
of Trinidad and Tobago

#### BOLIVIA

**Principal: Mariana Prado**  
Minister of Development Planning  
**Alternate: Antonio Mullisaca**  
Vice Minister of Public Investment and  
External Financing

#### PANAMA

**Principal: Eyda Varela de Chinchilla**  
Minister of Economy and Finance  
**Alternate: Gustavo Valderrama**  
Vice Minister of Economy

#### URUGUAY

**Principal: Danilo Astori**  
Minister of Economy and Finance  
**Alternate: Alberto Graña**  
President of the Central Bank  
of Uruguay

#### BRAZIL

**Principal: Esteves Colnago Junior**  
Minister of Planning,  
Development and Management  
**Alternate: Dyogo Henrique de  
Oliveira** President of the Brazilian  
Development Bank (BNDES)

#### PARAGUAY

**Principal: Benigno López**  
Minister of Finance  
**Alternate: Humberto Colmán**  
Vice Minister of Economy

#### VENEZUELA

**Principal: Oswaldo Pérez Cuevas**  
Vice Minister of Finance and Public  
Budget, People's Power Ministry of  
Economy and Finance  
**Alternate: Santiago Lazo Ortega**  
Vice Minister of Economic Planning,  
People's Power Ministry of Planning

#### COLOMBIA

**Principal: Alberto Carrasquilla**  
Minister of Finance and Public Credit  
**Alternate: José Manuel Restrepo**  
Minister of Commerce, Industry  
and Tourism

#### PERU

**Principal: Carlos Oliva**  
Minister of Economy and Finance  
**Alternate: Betty Sotelo**  
Vice Minister of Finance

### Series "B" shares, period 2017 – 2020

#### BOLIVIA

**Principal: Mario Alberto Guillén**  
Minister of Economy and Public Finance  
**Alternate: Sergio Cusicanqui**  
Vice Minister of Treasury and  
Public Credit

#### VENEZUELA

**Principal: Xabier León**  
Executive Vice President, Banco de  
Desarrollo Económico y Social de  
Venezuela (BANDES)  
**Alternate: Vanessa Avendaño**  
Legal Counsel, Banco de Desarrollo  
Económico y Social de Venezuela  
(BANDES)

#### COLOMBIA

**Principal: Juan José Echavarría  
Soto** General Manager of Banco de  
la República  
**Alternate: Gloria Alonso**  
Director of the National  
Planning Department

#### PRIVATE BANKING

**Principal: Julio León Prado**  
Chairman of the Board of Directors  
of Banco Bisa S.A.  
**Alternate: María Lorena Gutiérrez**  
President of Corporación Financiera  
Colombiana, S.A.

#### ECUADOR

**Principal: Richard Martínez**  
Minister of Economy and Finance  
**Alternate: Verónica  
Elizabeth Artola**  
General Manager of the Central  
Bank of Ecuador

#### PERU

**Principal: Pedro Luis Grados**  
Chairman of the Board of Directors,  
Corporación Financiera de Desarrollo  
(COFIDE)  
**Alternate: Hugo Perea**  
Vice Minister of Economy

### Series "C" shares, period 2018 – 2021

#### SPAIN

**Principal: Nadia Calviño**  
Minister of Economy and Business

#### DOMINICAN REPUBLIC

**Alternate: Donald Guerrero**  
Minister of Finance

#### MEXICO

**Principal: Carlos Urzúa**  
Secretary of Finance and Public Credit

#### CHILE

**Alternate: Sebastián Sichel**  
Executive Vice President of CORFO

\* Until March 31, 2018, Mario Alberto Guillén, Minister of Economy and Public Finance from Bolivia, presided over the Board of Directors

# Executive management

## (As of December 31, 2018)

Executive President **Luis Carranza Ugarte**  
Executive Vice President **Luis Enrique Berrizbeitia**

Legal Counsel **Octavio Rosselli**  
Vice Legal Counsel, Non-Sovereign Risk Legal Affairs **Jorge Velarde**  
Director, Sovereign-Risk Legal Affairs **Antonio Urdaneta**

Secretary General **Víctor Rico Frontaura**  
Director, Strategic Communication **Mara Rubiños**  
Director, Secretariat and External Relations **Gianpiero Leoncini**  
Director, Regional Initiatives **Ana María Sanjuán**  
Director, Social Innovation **Ana Mercedes Botero**  
Representative, Europe **José Antonio García-Belaúnde**  
Director, Strategic Affairs **David Tuesta**

General Auditor (Acting) **Marcia Arliani**  
Director, Credit Operations Audit **Marcia Arliani**

Vice President, Administration **Elvira Lupo**  
Director, Administration **Germán Alzate**  
Director, Logistic and Administrative Services **Andrés Leiro**  
Direction of Physical Infrastructure Development and Maintenance (Acting) **Decia Paradisi**  
Direction of Accounting (Acting) **Franca Capobianco**  
Director, Planning and Compensation **Leopoldo Gómez**  
Director, Talent Management **José Flores**  
Director, Operations Control **Renato Castellanos**  
Direction of Technological Solutions and Services (Acting) **Mariuska Mendoza**

Vice President, Risks **Renny López**  
Director, Credit and Investment Risk **Beatriz Álvarez**  
Direction of Special Assets (Acting) **Ramón Andrade**  
Director, Risk Management **Martha Diez**  
Director, Portfolio Review **Roberto López**

Vice President, Country Programs **José Carrera**  
Director, Operational Programming **Miguel Ángel Ostos**  
Director, Development Cooperation Funds **Laura Calderón**  
Direction of Country Programs (Acting) **Francisco Prieto**  
Representation in Argentina (Acting) **Abelardo Daza**  
Representante, Bolivia **Gladis Genua**  
Representative, Brazil **Jaime Holguín**  
Representative, Colombia **Carolina España**  
Representative, Ecuador **Bernardo Requena**  
Representative, Mexico **Emilio Uquillas**  
Representative, Panama **Susana Pinilla**  
Representative, Paraguay **Joel Branski**  
Representative, Peru **Manuel Malaret**  
Representation in Trinidad and Tobago (Acting) **Joel Branski**  
Representative, Uruguay **Germán Ríos**

Vice President, Finance **Gabriel Felpeto**  
Director, Financial Policies and International Bond Issues  
Director, Institutional Financial Resources **Félix Bergel**  
Director, Treasury **José Luis Villanueva**  
Director, Market Strategies **Aureliano Fernández**

Vice President, Infrastructure **Antonio Pinheiro Silveira**  
Director, Technical Infrastructure Analysis and Assessment **Sandra Conde**  
Director, Northern Region Projects **Lucía Meza**  
Director, Southern Region Projects **Ángel Cárdenas**  
Director, Energy Projects **María Claudia Flores**

Vice President, Private Sector **Jorge Saba Arbache**  
Director, Productive and Financial Sectors Northern Region **Mauricio Salazar**  
Direction of Productive and Financial Sectors Southern Region (Acting) **François Borit**  
Director, Technical Private Sector Analysis and Assessment **Juan Carlos Elorza**  
Direction of Structured Financing (Acting) **Ignacio Andino**  
Director, Business Development **Ignacio Andino**  
Director, Financial Advisory Services **Ignacio Fombona**  
Direction of Investments (Acting) **Elizabeth Martínez**

Vice President, Sustainable Development **Julián Suárez**  
Director, Sustainable Development Projects Northern Region **Daniel Rivera**  
Director, Sustainable Development Projects Southern Region **Sebastián Abbatemarco**  
Direction of Technical Sustainable Development Analysis and Assessment (Acting) **Jorge Concha**  
Direction of Sustainability, Inclusion and Climate Change (Acting) **René Gómez-García**

Vice President, Knowledge **Pablo Sanguinetti**  
Direction of Socioeconomic Research (Acting) **Fernando Álvarez**  
Director, Macroeconomic Studies **Adriana Arreaza**  
Director, Impact Assessment and Policy Learning **Daniel Ortega**  
Director, Sectoral Knowledge **Nicolás Estupiñán**  
Director, Digital Innovation in Government **Carlos Santiso**

# Offices

## Head Office Venezuela

Head Office Venezuela  
Avenida Luis Roche, Torre CAF, Altamira, Caracas.  
Telephone: +58 (212) 209.21.11 (main)  
Fax: +58 (212) 209.24.44  
Email: infocaf@caf.com

## Argentina

Avenida Eduardo Madero, N° 900 Edificio Catalinas  
Plaza, Floor 15, C1106ACV  
Ciudad Autónoma de Buenos Aires  
Telephone: +58 (11) 43186400 (main)  
Fax: +54 (11) 43186401  
Email: argentina@caf.com

## Bolivia

Avenida Arce N° 2915, Zona San Jorge,  
La Paz  
Telephone: +591 (2) 264.81.11 (main)  
Fax: +591 (2) 243.3304  
Email: bolivia@caf.com

## Brazil

SAF/SUL Quadra 2, Lote 4, Bloco D,  
Edifício Via Esplanada, Sala 404  
CEP 70070-600 Brasília –DF  
Telephone: +55 (61) 21918600  
Email: brasil@caf.com

## Colombia

Carrera 9a. N° 76-49 Edificio ING, Floor 7,  
Bogota  
Telephone: +57 (1) 744.9444 (main)  
Fax: +57 (1) 313.2721 / 313.2787 / 7437300  
Email: colombia@caf.com

## Ecuador

Avenida 12 de octubre N° 24- 562 y Cordero,  
Edificio World Trade Center, Torre A, Floor 13  
Quito  
Telephone: +593 (2) 398.8400 (main)  
Fax: +593 (2) 222.2107  
Email: ecuador@caf.com

## Mexico

Avenida Paseo de la Reforma N° 342  
Floor 23, Edificio New York Life Seguros  
Monterrey, Colonia Juárez,  
Delegación Cuauhtemoc  
C.P. 06600 México City  
Telephone: +52 (55) 1102.6911  
Fax: +52 (55) 5514.1542

## Panama

Boulevard Pacífica, P.H Oceanía Business Plaza.  
Torre 2000, Floor 27, Punta Pacífica,  
Panama City  
Telephone: +507 297.5311  
Fax: +507 297.5301  
Email: panama@caf.com

## Paraguay

Mariscal López 3811. c/ Dr. Morra.  
Edificio Mariscal Center. Floor 6.  
Asuncion.  
Telephone: +595 (21) 6895211  
Fax: +595 (21) 608248  
Email: paraguay@caf.com

## Peru

Avenida Enrique Canaval Moreyra N° 380,  
Edificio Torre Siglo XXI, Floor 13 San Isidro  
Lima 27  
Telephone: +51 (1) 710.8511  
Fax: +51 (1) 716.9885  
Email: peru@caf.com

## Spain

Plaza Pablo Ruiz Picasso N° 1  
Torre Picasso, Floor 24 #28020,  
Madrid  
Telephone: +34 (91) 597.3894 (main)  
Fax: +34 (91) 597.4927  
Email: espana@caf.com

## Trinidad and Tobago

Albion Energy Plaza, Floor 8, 22-24 Victoria Street,  
Port of Spain, Trinidad and Tobago  
Telephone: +1 (868) 222-1540/1541  
Fax: +1 (868) 222-7332  
Email: trinidadandtobago@caf.com

## Uruguay

Ciudadela 1235,  
Montevideo  
Telephone: +598 2917 3211  
Fax: +598 2917 8201  
Email: uruguay@caf.com



**ANNUAL REPORT 2018**

©2019 Corporación Andina de Fomento  
All rights reserved

ISSN 1315-9394

Publisher: CAF  
This report is coordinated by CAF's Strategic  
Communication Corporate Department

Graphic design: GOOD;) Communication for Sustainable Development

Photography:  
CAF's image bank (pp. 66, 85, 86, 87, 96, 97, 98, 99, 100, 110)  
Complimentary images from Cáritas Argentina (p. 82)  
Complimentary images from Correo Uruguayo (p. 51)  
Complimentary images from NGO Agualimpia, Peru (p. 83)  
iStock (pp. 8, 10, 33, 37, 47, 49, 55, 57, 58, 62, 65, 68, 70, 71, 75, 78, 80, 81, 89)  
Jaime Pavón (p. 41)  
Ramón Lepage (pp. 43, 60, 77, 79)  
Rodrigo Aliaga (p. 26, 30)  
Valentina Gamero (pp. 53, 90)

This work is licensed under the Creative Commons Attribution-NonCommercial-  
NoDerivatives 4.0 International License.  
To see a copy of this license, please visit <http://creativecommons.org/licenses/by-nc-nd/4.0/>.



Printed by: Panamericana Formas e Impresos, S.A.,  
Bogota, Colombia  
May, 2019

[WWW.CAF.COM](http://WWW.CAF.COM)



