



# 2020

Annual Report



## 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





**CAF is a multilateral financial institution whose mission is to foster the sustainable development of its shareholder countries and Latin American integration. Its shareholders include: 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. It serves the public and private sectors, providing multiple products and services to a broad client portfolio consisting of Shareholder States, private companies and financial institutions. Its management policies integrate social and environmental variables and its operations are guided by eco-efficiency and sustainability criteria. As a financial intermediary, it mobilizes funds from international markets to Latin America, promoting investments and business opportunities.**



# 2020

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# 2020

## Highlights

CAF assesses contributions to development of credit operations approved during the year, particularly investment programs and projects, corporate loans and equity investments. Here are some of the highlights of 2020.



- **4,390,537 BENEFICIARIES** of new telecommunications infrastructure



- **23%** of total approvals are green financing



- **2 LATIN AMERICAN** physical integration projects and integration logistics corridors supported by CAF



- **198,520 BENEFICIARIES** of a new or improved clean water and/or sewerage connection



- **77,000 STUDENTS** benefited from education projects



- **248,352 MICRO-ENTREPRENEURS** beneficiaries of a microcredit grant



- **4 INTERVENTIONS** with gender equality components



- **77% REDUCTION** in processing times of public procedures



### TOTAL ASSETS

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- **2020:**  
USD **46.84** billion
- **2019:**  
USD 42.3 billion

### LIQUID ASSETS

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- **2020:**  
USD **14.72** billion
- **2019:**  
USD 13.87 billion

### LOAN AND INVESTMENT PORTFOLIO

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- **2020:**  
USD **28.55** billion
- **2019:**  
USD 26.98 billion

### NET EQUITY

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- **2020:**  
USD **12.99** billion
- **2019:**  
USD 12.79 billion

### OPERATING PROFIT

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- **2020:**  
USD **314** billion
- **2019:**  
USD 460 billion

### PAID-IN CAPITAL

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- **2020:**  
USD **9.32** billion
- **2019:**  
USD 9.37 billion



# Message from the executive president

In this complex year, marked by COVID-19, CAF was up to the task and honored the anti-cyclical role we have as one of the most relevant multilateral banks in the region.

We helped our member countries weather the storm with loan approvals for approximately USD 6 billion directly aimed at alleviating the healthcare and socioeconomic effects of the pandemic. This figure, in addition to long-term development operations in infrastructure, water and sanitation, urban mobility, digitalization and education, among other areas, totaled USD 14.17 billion approved for the development of Latin American countries, an all-time high for the institution.

All of these operations included rapid disbursements, which had a short-term impact and confirmed the timeliness of our support. With the outbreak of the pandemic, we offered a donation of up to USD 400,000 per country to purchase medical supplies needed to properly treat COVID-19 patients. We then proposed a regional contingent line of credit for natural disasters and epidemics of USD 300 million to mitigate the health effects of the pandemic, which met a demand of USD 340 million, which was fully covered. In addition, to offset the economic crisis, counter-cyclical freely available credits for USD 4.1 billion were approved.

These initiatives included also support to micro, small and medium-sized enterprises, by providing a financial line of

credit for up to USD 1.6 billion, whose loans have been channeled through local development banks, to boost their internationalization, innovation and productive integration, and thus promote formal jobs and economic recovery in the region. In addition, in the context of economic revival, we approved USD 1.2 billion to provide liquidity to utility companies.

Our impact on the development of the region in 2020 has been significant. Nearly 4.5 million Latin Americans will benefit from new telecommunications infrastructure, our education projects will reach 77,000 students, about 250,000 micro-entrepreneurs benefited from our microcredits, 200,000 people will see their drinking water and/or sewer connections improved, we will promote the construction and rehabilitation of 4,269 km of roads and we will help improve 1,078,605 of urban areas.

Institutionally speaking, 2020 was also an important year for CAF. Mexico adhered as a full member, which will ensure this nation greater access to financial resources. Costa Rica also agreed on a schedule to formalize its full accession, and negotiations with the Dominican Republic were resumed for its incorporation as a Series A shareholder.

As for bond issues in international markets, CAF completed 29 transactions for approximately USD 3.95 billion, including three benchmark issues, one



on the European market and two on the US market, totaling USD 2.32 billion. One of the highlights in this regard was the transaction on the European market for CAF's first public Social Bond, which aimed at addressing the healthcare and economic emergency caused by the pandemic in member countries. This issue consolidated CAF as a leading issuer in the region in socially responsible debt instruments.

Also this past year we made strides in building capacities of public officials in national and sub-national governments. Our online training program, launched in 2017, has received a total of 31,147 sign-ups in 2020. The courses, taught in Spanish, Portuguese and English, covered energy, water and sanitation, dam and reservoir safety, chronic child malnutrition, infrastructure and impact assessment, among other issues.

In addition, this year we have implemented criteria of internal efficiency and resource optimization that have helped us become a stronger, more competitive organization, always with a view to improving the lives of the millions of Latin Americans we serve every day.

2020 has been a complex and difficult year for everyone. But in view of the results achieved and the commitment demonstrated by CAF, the region can rest assured that it has an unconditional ally to address the great development challenges of the coming decades.



A handwritten signature in blue ink, which appears to read 'Luis Carranza'.

**Luis Carranza**  
Executive president



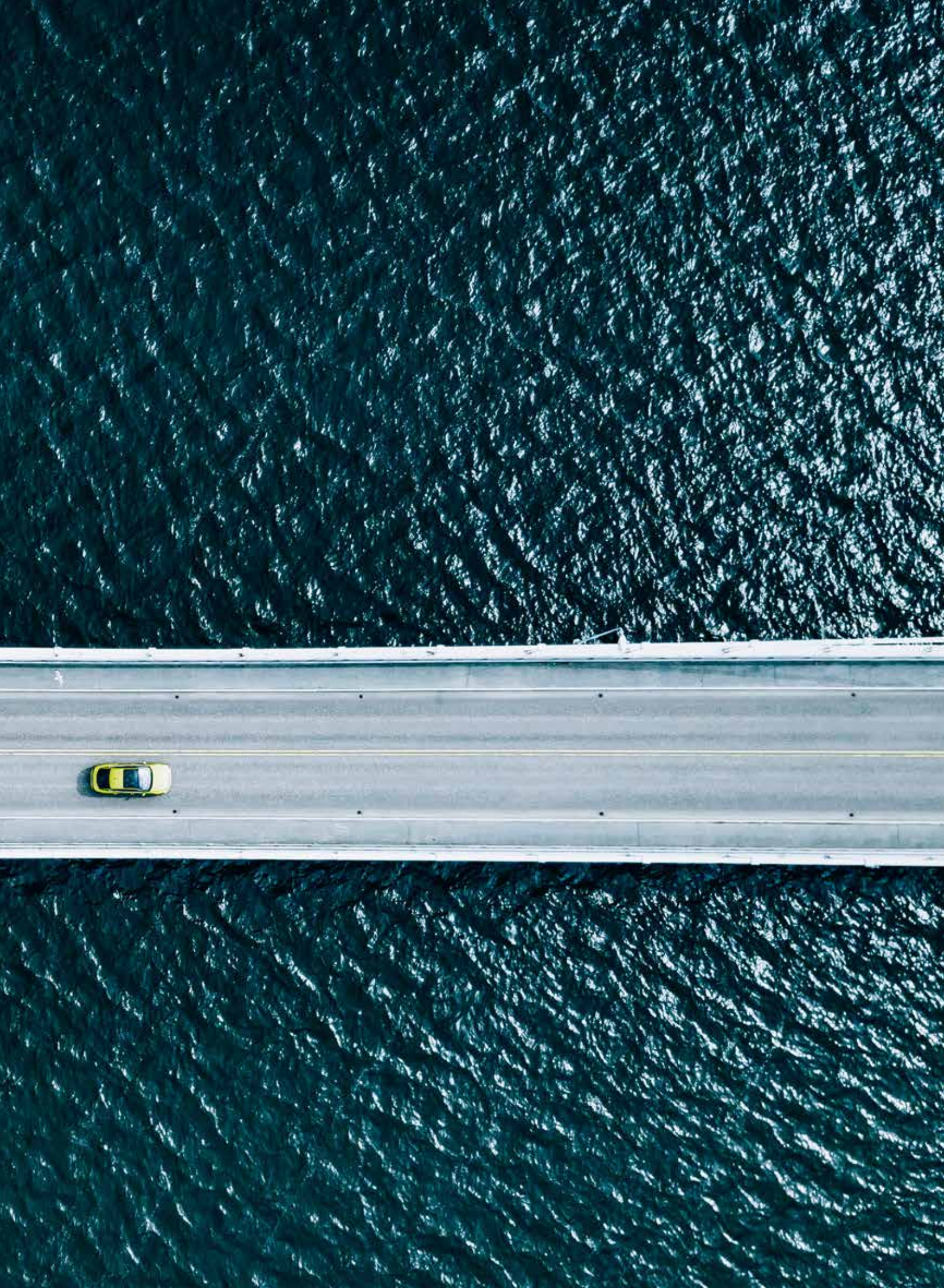
# 2020

## Operations and Contributions to Development

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# C ontributions to development

In 2017, a number of indicators were implemented, which were designed to measure the aggregate contribution of CAF interventions to the development goals set in its operations. These indicators reflect the institution's priorities, as well as international best practices on measuring contributions by multilateral development agencies. Thus, specific CAF-funded products (e.g. miles of built or rehabilitated roads) are measured and reported, as well as an estimate of expected results of these interventions (e.g. number of people benefiting from a new clean water connection).

These indicators were incorporated into all credit and equity investment operations approved this year, and help get a broader view of the specific support that these operations are expected to accomplish in countries during the project implementation period, as well as monitor project progress. The main expected contributions to development<sup>1</sup> are described below<sup>2</sup>:



- During 2020, **20 macro-fiscal support operations<sup>2</sup>** were approved, for a total of **USD 6.18 billion**, which seek to mitigate the fiscal effects mainly resulting from the crisis caused by the pandemic and play an anti-cyclical role. Noteworthy is the approval of two SWAPs in Ecuador and Argentina for nutrition plans.
- Funds were approved for road and logistics projects in three countries that will allow the construction and rehabilitation of **4,269 km of roads**, which are expected to increase circulation by **198,848 users** (vehicles per year). In addition, infrastructure improvements will facilitate transport of **14,319,527 tons** per year, while reducing vehicle operating costs by **USD 22,950,000**. In addition, support for a public institution with e-government interventions seeks to reduce the time in processing paperwork by **77%**.
- The manufacture, launch and placing into orbit, as well as all necessary investments for the correct operation of the ARSAT-SG1 geostationary satellite will benefit **996,000 people** in Argentina, Bolivia, Chile and Paraguay.
- Funds were approved for digital inclusion and educational transformation projects that will contribute to an **3,399 km fiber optics** expansion and the construction and rehabilitation of **34,800 m<sup>2</sup>** and **200 educational** infrastructure facilities benefiting **3,394,537** people who will enjoy better internet connection; **77.00** students and **35,000** trained teachers.

<sup>1</sup> The indicators refer to expected results and beneficiaries of operations approved throughout 2020, with the exception of productivity and competitiveness and financial development indicators, which are results based on disbursements made to financial intermediaries throughout the year.

<sup>2</sup> These include PBLs, SWAPs, countercyclical loans, and contingent liquidity credit lines.



- **Urban development** projects were approved to help improve basic infrastructure in cities in the region, to benefit an estimated **1,162,287 residents**. Specifically, these projects are expected to:
  - > Build and revamp two wastewater treatment plants with a capacity of **6,480,017 m<sup>3</sup>/year**, which will benefit **200,421 people**.
  - > Build and **rehabilitate 13** facilities for watercourse control that will benefit **516,596 people**.
  - > Build **345 homes** that will benefit **1,380 people**.
  - > Build **15,428 new sewer connections**, 30 km of sewerage networks, **96 km** of clean water pipes and **8,143 new clean water connections** that will benefit **198,520 people**.
  - > Build and rehabilitate **324 km** of urban roads and improve **1,078,605 m<sup>2</sup>** of urban areas.
- Projects with environmental sustainability components were approved, for better management and sustainable use of the environment, with an expected **231,209 beneficiaries**. **23.4%** of the total amount of operations approved in 2020 is green financing.
- Projects with state modernization components were approved to support six public agencies with e-government interventions.
- Projects with institutional strengthening components were approved, for training of **330 civil servants**.
- During 2020, disbursements to clients in the financial sector helped:
  - > Benefit **12,644 companies** with CAF operations through intermediaries for working capital, foreign trade and investment projects.
  - > Serve **60 financial institutions**.
  - > Benefit **39,931 SMEs** with operations through intermediaries.
  - > Benefit **248,352 micro-entrepreneurs** with a microcredit.



## efficiency



### INFRASTRUCTURE

- **4,269 KM** of roads built, improved and/or rehabilitated.
- **198,848** additional **USERS** of roads built, improved or reinstate.
- **USD 22,950,000** in reduction of vehicle operating costs.
- **14,319,527 TON/YEAR** of transported cargo.
- **324 KM** of urban roads built, improved and/or rehabilitated.
- **5 MUSTER POINTS** in case of road accidents were improved.



### PRODUCTIVITY AND COMPETITIVENESS

- **12,644 COMPANIES** beneficiaries of operations conducted by CAF through third parties in terms of working capital, foreign trade and investment projects.
- **39,931 SMES** beneficiaries of CAF's operations through third parties.



### FINANCIAL DEVELOPMENT

- **60 FINANCIAL INSTITUTIONS** served.



### DIGITALIZATION

- **3,399 KM** of fiber optics installed.
- **4,390,537 BENEFICIARIES** of new telecommunications infrastructure.

## sustainability



### ENVIRONMENT

- **23.4% OF TOTAL APPROVALS** as green financing.
- **231,209 BENEFICIARIES** of better management and sustainable use of the environment.



### MACRO-FISCAL

- **20** macro-fiscal support **OPERATIONS** totaling USD 6.18 billion.

## integration



### INTERCONNECTIVITY AND TRADE AND CUSTOMS INTEGRATION

- **2 LATIN AMERICAN** physical integration projects and logistics integration corridors supported by CAF.



## equity



### WATER AND SANITATION

- **96 KM** of clean water pipes installed.
- **8,143 NEW CONNECTIONS** for clean water.
- **30 KM OF SEWERAGE** networks built or improved.
- **15,428 NEW SEWERAGE** connections.
- **198,520 BENEFICIARIES** of a new or improved clean water and/or sewerage connection.
- **2 WASTEWATER TREATMENT PLANTS** built or improved.
- **6,480,017 M3/YEAR** of installed wastewater treatment capacity.
- **200,421 BENEFICIARIES** of sanitation solutions.
- **13 INFRASTRUCTURES** for control of watercourses or bodies of water built or reinstated.
- **516,596 PEOPLE** benefited from infrastructure to control watercourses or bodies of water built or rehabilitated.



### EDUCATION

- **34,800 M<sup>2</sup>** of educational infrastructure facilities built or revamped.
- **200 EDUCATIONAL INFRASTRUCTURE FACILITIES** built or revamped.
- **77,000 STUDENTS** benefited from education projects.
- **35,000 TEACHERS** trained.



### URBAN DEVELOPMENT

- **1,078,605 M<sup>2</sup>** of improved urban areas.
- **1,162,287 PEOPLE** Benefited living in neighborhoods with improvements in the environment of their habitat.
- **345 HOUSES** built or improved.
- **1,380 BENEFICIARIES** of housing solutions.



### FINANCIAL INCLUSION

- **248,352 MICRO-ENTREPRENEURS** beneficiaries of a microcredit.

### INCLUSION<sup>3</sup>

- **245,950 WOMEN** directly benefited by CAF interventions.
- **4 INTERVENTIONS** with gender equality components.

## Institutionality



### MODERNIZATION OF THE STATE AND TRANSPARENCY

- **3 OPERATIONS** with institutional strengthening components of executing agencies.
- **2 OPERATIONS** with state modernization components.
- **1 OPERATION** aimed to support the regulatory framework for investment, productivity and competitiveness.
- **6 PUBLIC INSTITUTIONS** benefiting from e-government interventions.
- **330 CIVIL SERVANTS** trained.
- **77% REDUCTION** in documents processing times.

<sup>3</sup> Gender indicators are not comprehensive as not all interventions have disaggregated beneficiaries by gender.



# O

## perational Management

### **Internal efficiency and accession of new full members**

Throughout 2020, we continued the iterative process of continuous improvement of the institution's credit cycle, with the aim of improving the quality of operations so that they have a greater impact on the development of the region, improve efficiency in the use of resources, strengthen CAF's practical advantages in terms of agility, and capture and leverage the knowledge generated with operations. This is based on the implementation of good international practices, standardization of procedures and reuse of knowledge derived from CAF-funded operations. The main cross-cutting improvements related to the credit business that were designed this year include the methodology to facilitate the administration of operations and the digitalization of the tool to support follow-up missions.

Furthermore, progress was made by several countries in the region to join as member countries of the institution. Noteworthy is Mexico's accession as a CAF Series A shareholder in November, after three decades of joint work, which will ensure greater access to long-term financial resources, as well as technical cooperation for the nation's sustainable development, among other benefits. In addition, Costa Rica agreed on a schedule to formalize its full membership in CAF as well, while negotiations with Dominican Republic were resumed, after the period change of government in the country, for accession as a Series A shareholder.

## Approvals

The negative impact of the COVID-19 pandemic in the region steered this year's demand for financing towards addressing the healthcare emergency, as well as freely available budget support loans to help mitigate the severe economic crisis (see Table 1).

Thus, a regional contingent line of credit for epidemics amounting to USD 300 million was made available to shareholder countries, which recorded a total demand of USD 340 million. In addition, USD 638 million in sector-wide approach (SWAp) loans were approved to strengthen the fiscal policies of the countries of the region and a USD 2.5 billion regional contingent countercyclical support line of credit was approved, which had a demand above the approved amount, and thus, it was necessary to structure and provide additional loans for USD 1.6 billion in order to meet all requests received (under PBL or SWAp mode). Lastly, three contingency liquidity credit lines were approved in Paraguay, Peru and Uruguay for USD 1.45 billion, and a contingent line of credit for natural disaster relief in Peru for USD 300 million.

**TABLE 1.**  
Approvals  
by product, 2020  
(in million USD)

<b>Sovereign risk</b>	<b>9,318</b>
Loans	4,078
Investment programs and projects	1,840
Programmatic (PBLs) and SWAps	2,238
Contingent credit lines	4,590
Financial credit lines	650
<b>Non-sovereign risk</b>	<b>4,786</b>
Lines of credit	4,769
Corporate	75
Financial	4,694
Shareholdings and investment funds	17
<b>Development cooperation funds</b>	<b>43</b>
<b>Total approvals</b>	<b>14,147</b>



In addition to the specific funding provided by the institution for issues related to COVID-19, we approved USD 1.84 billion in loans for investment programs and projects related to the long-term development strategies of the countries of the region. Approved operations were aimed at the productive infrastructure sector, mainly energy, transport and telecommunications (USD 1,04 billion), as well as in sectors linked to the sustainable development of the region, such as water and sanitation, education, healthcare and urban development (USD 796 million), which is proof of CAF's interest in supporting the most vulnerable sectors in countries.

Furthermore, in the productive and financial sector, we approved USD 5,43 billion in lines of credit for both public and private companies and banks, as well as equity investments and shares in investment funds. Noteworthy is that during the year CAF retargeted actions in the financial sector of the region, from mainly supporting commercial banks with short-term operations to favor financing to local development banking with longer terms to provide funds directly to Latin American SMEs, in an effort to help them meet their top priority needs and contribute to the economic revival of countries.

Lastly, we approved USD 43 million for technical cooperation operations that helped finance mainly studies and consultancies to fund the design of investment projects to achieve better project implementation.

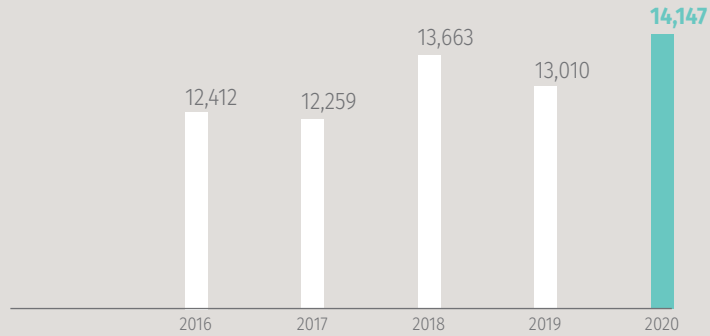
During 2020, a total of 119 operations were approved for a combined financing of USD 14.14 billion, i.e. over USD 1.1 billion more than 2019 approvals (see Figure 1). This amount represents an all-time high for the institution and is a clear example of CAF's extraordinary support to its shareholder countries to address the pandemic.

Country by country, noteworthy are loans for Brazil, Colombia, Ecuador, Mexico and Peru, which accounted for 60% of the total approvals, as a result, mainly, of the corporate, financial and contingent lines of credit that were granted to these countries (see Table 5 at the end of the chapter).



LOANS FOR USD 1.84 BILLION WERE APPROVED FOR INVESTMENT PROGRAMS AND PROJECTS ALIGNED WITH THE LONG-TERM DEVELOPMENT STRATEGIES OF THE COUNTRIES OF THE REGION.

**FIGURE 1.**  
**Total approvals**  
*(in million USD)*



With regard to the mobilization of third-party funds, USD 152 million was attracted to the region at the end of 2020 through co-financing, technical cooperation funds and investment fund holdings (see Table 2). This figure is still below the usual amount that CAF mobilizes from its financial partners, but this is due primarily to the fact that demand for financing was more focused on operations to address the effects of the pandemic through budgetary support and not for investment programs and projects, which are more attractive to our financial partners. However, by 2021 we expect to reach levels of third-party funds mobilization of previous years.

Lastly, portfolio sales for USD 104 million were completed during the year, which makes room for new operations.

**TABLE 2.**  
**Mobilization of third-party funds, 2020**  
*(in million USD)*

Sovereign co-financing	12
Non-sovereign co-financing	100
Investment funds	17
Technical cooperation	23
<b>Total mobilization of third-party funds</b>	<b>152</b>
Portfolio sales	104





**MAP 1.**  
Main approvals 2020

## CAF Special Funds for Development Cooperation and other mechanisms

In 2020, CAF continued to provide support through non-reimbursable technical cooperation operations to countries in the region through financing of initiatives aligned with country needs and corporate strategic objectives and areas, with a holistic approach aimed at building capacities and transferring knowledge, as well as support through projects and studies aimed at the growth and consolidation of the credit portfolio, in initial structuring and implementation stages. CAF Special Funds maintained a high degree of flexibility in timely financing technical cooperation operations aimed at addressing the Emergency arising from the COVID-19 pandemic, through actions aimed at strengthening and improving governments' crisis response capacity, as well as serving populations directly affected by the adverse effects of the virus. The technical cooperation continued to generate added value to countries, seeking improvements in efficiency, equity, sustainability, institutional structure and integration.

A total of 123 technical cooperation operations were approved with funds from the CAF Special Funds, which amounted to USD 36.6 million, and help complement the financial action of the institution and its contribution to regional development and integration (see Table 3).

Operations and Contributions to Development

**FIGURE 3. Special Funds. Fund Approvals 2020**  
(number of operations and amounts in millions of USD)

Special fund	Number of operations	Amount approved
TCF	107	33.7
FONDESHU	16	2.9
<b>Total</b>	<b>123</b>	<b>36.6</b>

Monies from the Technical Cooperation Fund (TCF), including funds for the CAF Pre-Investment Programs, financed 92% of the year's total approvals, while the remaining 8% was funded with resources from the Human Development Fund (FONDESHU).



Approvals focused on addressing the priorities and needs of shareholder countries and initiatives aimed at strengthening regional action through multinational projects and programs. Of the total approvals, USD 8.4 million (23%) financed regional initiatives, while the remaining USD 28.2 million (77%) was used to support projects and programs in shareholder countries. Multinational initiatives include notably the Transparency Project for COVID-19 Public Emergency Procurement, the Feasibility Study of the E-Moción Program to Accelerate the Transition to Electric Mobility in Latin America, Strategy Design to Improve the Quality of Public Transportation based on Post Pandemic Needs, and CAF Online Training Program to Improve Public Management (2021–2022) among others.

During 2020, noteworthy is the support for initiatives linked to and/or directly aimed at COVID-19 emergency relief in CAF shareholder countries through the Technical Cooperation Fund and FONDESHU, for a total of USD 7.3 million, i.e. 18% of total approvals in the year.

Under the Pre-Investment Programs, the operations approved in 2020 amounted to USD 16.7 million, of which USD 11.5 million were in four CAF-PPI operations and USD 5.2 million for eight CAF-PPSA operations, according to the following detail:

## SPECIAL FUNDS APPROVALS FOCUSED ON ADDRESSING PRIORITIES AND NEEDS OF SHAREHOLDER COUNTRIES AND INITIATIVES TO STRENGTHEN REGIONAL ACTION THROUGH MULTINATIONAL PROJECTS AND PROGRAMS.

### INFRASTRUCTURE

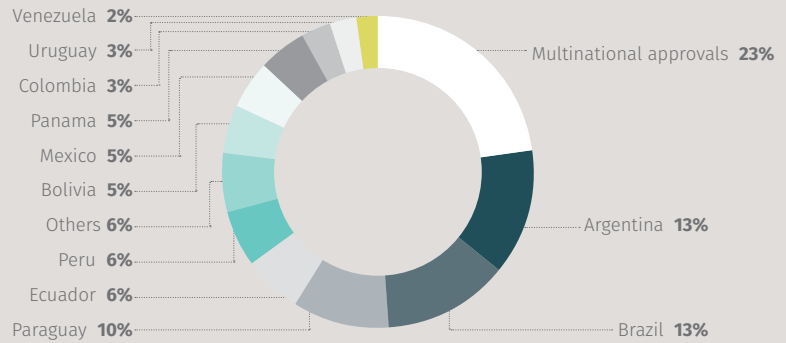
- **CAF PPI PARAGUAY (USD 2.6 MILLION):** CAF PPI - Access to the second international bridge over the Paraná River (Presidente Franco – Foz do Iguaçu)
- **CAF PPI COLOMBIA-PANAMA (USD 3 MILLION):** Electric Interconnection Project Colombia - Panama Submarine Cable Integration Project "Asia – South America Digital Gateway"
- **CAF PPI ARGENTINA (USD 3 MILLION):** Priority Development Programs of the Logistics Integration Corridors in Northern Argentina.
- **CAF PPI BRAZIL (USD 2.9 MILLION):** Western Railway Network: Sao Paulo – Corumbá (Bolivia)/ Ponta Porã (Paraguay).

### WATER SECTOR

- **CAF PPSA BOLIVIA (USD 748,000):** Final designs for Carachimayo irrigation and dam system.
- **CAF PPSA ECUADOR (USD 770,000):** Final design of the Wastewater Treatment Plant for the city of Portoviejo.
- **CAF PPSA BRAZIL (USD 570,000):** Final designs for storm drainage works in the Municipality of Santo André.
- **CAF PPSA BRAZIL (USD 500,000):** Final designs for water and sanitation works in tourist towns of Ceará. USD 145,000 attributable to CAF PPI III yet to be formalized in 2021 once this phase is approved by the CAF Board.
- **CAF PPSA PARAGUAY (USD 500,000):** Final Designs of Sanitation Systems in Intermediate Cities – Phase II.
- **CAF PPSA MULTINATIONAL (USD 400,000):** Services of tender agents and external supervision for PPSA studies.
- **CAF PPSA ARGENTINA (USD 1.2 MILLION):** Final Designs for the New San Martin Pumping Station and Expansion of the Ferrari Wastewater Treatment Plant.
- **CAF PPSA URUGUAY (USD 598,000):** Executive Project for the Final Disposal of sludge from the Corrientes Water Treatment Plant.

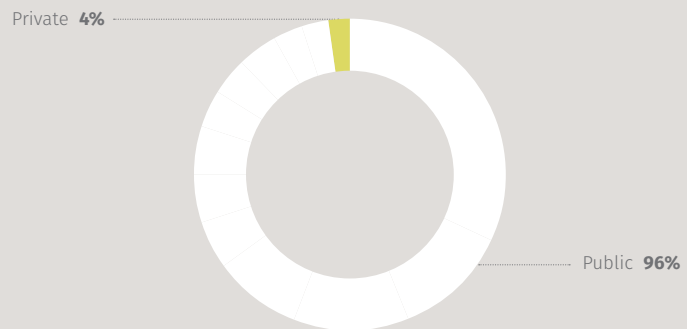
Both programs support and prepare the future phase of investment and execution of credits capable of improving and increasing the integration infrastructure of the region. The programs also foster CAF's agenda for the water sector through the financing of quality studies and support tasks during the pre-investment stage.

**FIGURE 2.**  
Special Funds Approvals by beneficiary 2020 (in %)



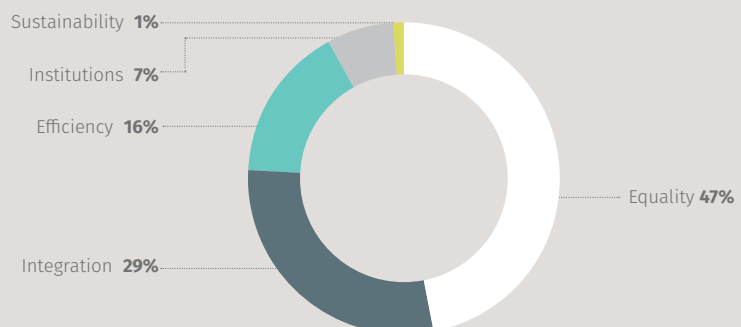
CAF serves its clients in the public and private sectors in the shareholder countries by providing financial support through technical assistance. Approvals for 2020 by institutional sector accounted for 96% for the public sector (USD 35.2 million), while 4% financed private sector operations (USD 1.4 million).

**FIGURE 3.**  
Special Funds - Approvals by Institutional Sector, 2020 (in %)



Noteworthy also in 2020 is the approval of CAF funds in the strategic area of Equality (47%), notably the operations under the CAF PPSA in the sub-area of "Water, Sanitation and rural irrigation." In the strategic area of Integration, approvals accounted for 29%, including notably those derived from CAF-PPI, aligned with the sub-areas of "Energy Integration" and "Interconnectivity and Trade-Customs Integration" with a view to strengthening the physical integration of Latin America and logistics integration corridors. Funds were also earmarked for the strategic areas of Efficiency (16%), Institutions (7%) and Sustainability (1%).

**FIGURE 4.**  
Special Funds - Approvals per strategic area, 2020 (in %)

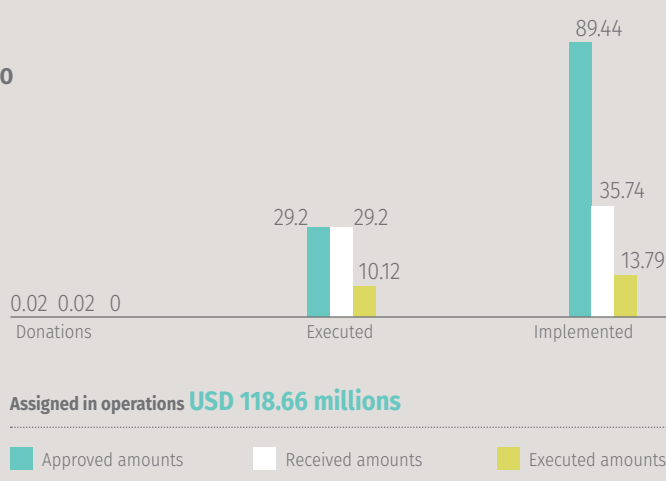




## Third-party Development Cooperation Funds

At the end of 2020, CAF has signed agreements to manage technical cooperation funds in the amount of USD 141,11<sup>4</sup> million. Not counting the completed operations, CAF is managing USD 124.4 million, of which USD 118.7 million has been allocated to technical cooperation efforts and USD 5.7 million remains to be allocated (see Figure 5). In 2020, USD 14.5 million was received and USD 10.0 million was executed.

**FIGURE 5.**  
Third-party resources, 2020  
(in million USD)



The 2020 highlights include:

Under the British Prosperity Fund for Colombia (BPF), project management was approved for USD 1.9 million, which are broken down as follows: Business model for sustainable tilapia production in Magdalena (Phase I) for USD 0.1 million; Construction of cost structure for production of beef cattle for USD 0.2 million; Barrancabermeja multimodal logistics platform for USD 1.0 million; and Agri-Logistics Value Added Center (CVA) for the Atlantico department for USD 0.6 million.

With funds from the Global Environment Fund (GEF) the development of the project "Connecting productive systems with biodiversity of the Gualaca corridor" was prioritized, and we approved the implementation of the UAVs/drones project for equitable adaptation to climate change: Participatory management of risk of landslides and debris flow monitoring in Mocoa-Colombia for USD 0.6 million and the project "Developing an enabling environment for businesses based on Ecuador's native biodiversity" for USD 3.7 million. We launched the implementation processes of the Guaraní Aquifer project, Support to the Chilean Sustainable Transport Strategy (CLETS), and the Sustainable Livestock project in the Darien-Panama region.

In order to increase funding options for the development of the region with the German Cooperation Agency (GIZ), we signed off the creation of a EUR 0.6 million fund to finance studies and projects seeking resilience in water management in communities and schools in the region.

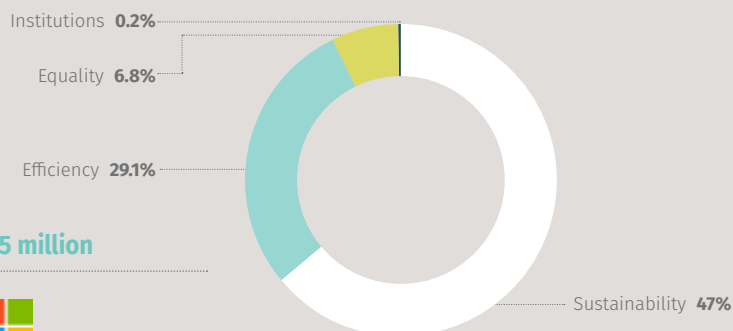
A USD 0.02 million donation was received from Microsoft to support the CAF Project for Promoting the Strategic Use of Data and Artificial Intelligence in the Public Sector to Generate Economic and Social Value in Latin America.

<sup>4</sup> Includes grants and fees. TC Ref. EUR: 1,2294 / GBP: 1,3613

CAF became an implementing partner of the European Union in 2020 after having met the evaluation and eligibility criteria, which allows CAF to carry out budgetary implementation tasks as Indirect Management. Another highlight was CAF's re-accreditation by the Adaptation Fund to remain a regional implementing agency for climate change adaptation projects.

**FIGURE 6.**  
2020 approvals:  
third-party funds by  
strategic area  
(In %)

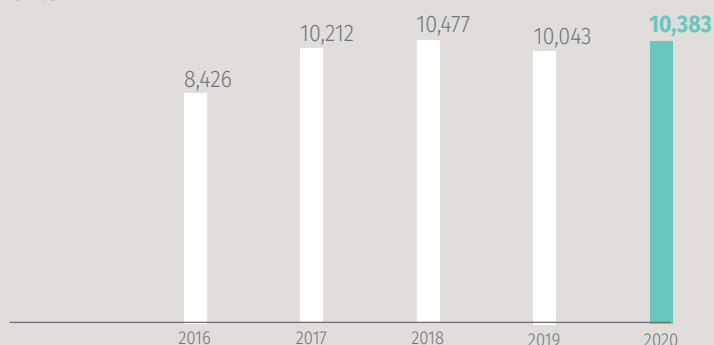
8 operations approved for **USD 6.5 million**



## Disbursements

During 2020, the amount disbursed by CAF to its shareholder countries amounted to USD 10.38 billion, following the trend of the past three years (see Figure 7) and represents a USD 340 million increase from the previous year. However, unlike in previous years, in 2020 sovereign disbursements exceeded non-sovereign disbursements (see Table 4), which is explained by two reasons: First, and as a result of approvals to address the crisis caused by the pandemic, disbursements for PBLs, SWAPs and contingent credit lines doubled this year, compared to 2019; and, secondly, the retargeting of financial credit lines to local development banks with longer-term operations reduced the dynamics and high turnover of short-term operations, slashing disbursements for financial lines of credit by little over 20%.

**FIGURE 7.**  
Total disbursements  
(in million USD)





**TABLE 4.**  
**Disbursements**  
**by product, 2020**  
*(in million USD)*

<b>Sovereign</b>	<b>6,018</b>
Loans	3,370
Investment programs and projects	1,039
Programmatic (PBLs) and SWAPs	2,331
Contingent credit lines	1,698
Financial credit lines	950
<b>Non-sovereign</b>	<b>4,339</b>
Corporate loans	86
Lines of credit	4,221
Corporate	77
Financial	4,144
Shareholdings and investment funds	32
<b>Development cooperation funds</b>	<b>27</b>
<b>Total disbursements</b>	<b>10,383</b>

46% of disbursements targeted Brazil, Colombia and Mexico, given the increased use of financial credit lines in these countries, which is in line with the trend of disbursements over the past five years (see Table 6 at the end of the chapter). Sovereign disbursements included notably USD 890 million and USD 850 million operations in Ecuador and Colombia, respectively.

## Consolidated portfolio

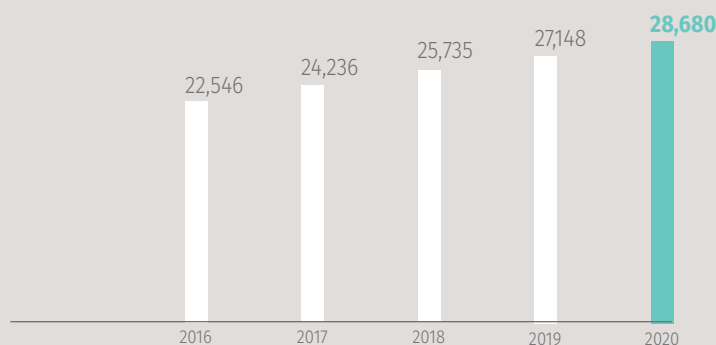
CAF's consolidated portfolio, which consists of the sum of loan portfolios, shareholdings, quasi-capital investments, and guarantees stood at USD 28.68 billion at the end of 2020, representing a 5.6% annual growth and a net increase of USD 1.53 billion. Of this amount, USD 28.11 billion are in the loan portfolio, USD 433 million in shareholdings and quasi-capital investments, and USD 129 million in guarantees. Portfolio growth in 2020 follows the trend of recent years (see Figure 8), allowing CAF to meet prioritized demands of shareholder countries without neglecting the financial solvency of the institution.

Furthermore, the distribution of the portfolio by risk type shows that 86.2% of the consolidated portfolio is sovereign-guaranteed and the remaining 13.8% is not. This shows a significant variation from the end of 2019, in which the consolidated portfolio with sovereign risk accounted for 80.4% of the total. This change occurred, as mentioned above, due to the extraordinary support given to governments in the region to address the emergency caused by COVID-19.

CAF'S CONSOLIDATED PORTFOLIO STOOD AT USD 28.68 BILLION AT THE END OF 2020, REPRESENTING A 5.6% ANNUAL GROWTH.

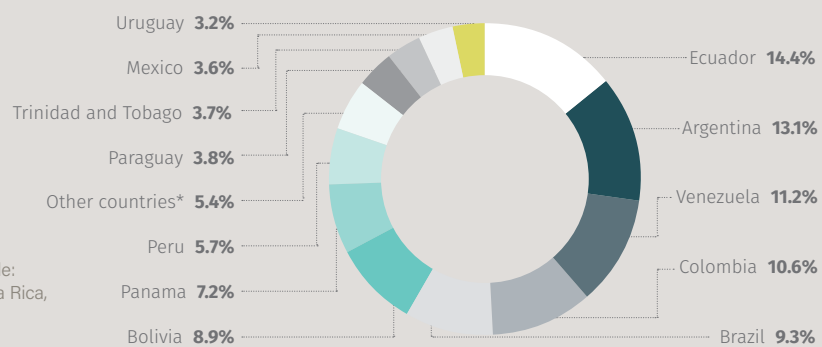
The geographic distribution of the portfolio at close of 2020 (see FIGURE 9) shows us that all countries were located by below 14.5% of the consolidated portfolio. Looking forward, we hope that the consolidated portfolio continue to be distributed equitably among all countries.

**FIGURE 8.**  
Consolidated portfolio  
(in million USD)



**FIGURE 9.**  
Consolidated portfolio  
by country

\* Other countries include: Barbados, Chile, Costa Rica, Dominican Republic, Portugal, Spain, and multinational operations.



Lastly, Figure 10 shows CAF's consolidated portfolio distributed by economic sector. As a result of the budgetary support operations that were approved and disbursed this year, the public administration sector portfolio had significant growth and reached 27.7% of CAF's total portfolio at year's end. However, the portfolio related to productive infrastructure (energy, transport and telecommunications) and social infrastructure (mainly water, education and urban development) continues to concentrate more than 60% of the total, confirming the institution's strategic interest in supporting underserved sections of the population, through the provision of basic services such as roads, transport, energy, clean water, sanitation and urban development. In addition, this relative concentration of the infrastructure portfolio has allowed CAF to develop expertise in knowledge and technical advice to position



itself as a leader in priority projects that positively impact global productivity, which will become very important in the following years to contribute to regional governments' efforts to revive their economies, following mobility and economic constraints this year.

**FIGURE 10.**  
Consolidated  
portfolio by  
economic  
sector 2020  
(in million  
USD and %)



TRANSPORT

**USD 7,770  
million**

**27.1%**



ENERGY

**USD 4,483  
million**

**15.6%**



WATER

**USD 2,040  
million**

**7.1%**



PUBLIC  
ADMINISTRATION

**USD 7,949  
million**

**27.7%**



FINANCIAL

**USD 3,173  
million**

**11.1%**



OTHER

**USD 3,264  
million**

**11.4%**

**TABLE 5.**  
Approvals by country  
(in million USD)

Country	2016	2017	2018	2019	2020	2016-20
Argentina	706	996	1,626	626	964	4,917
Bolivia	564	489	532	243	554	2,382
Brazil	1,371	1,253	1,476	1,591	1,675	7,365
Colombia	2,077	1,791	1,544	2,059	1,693	9,164
Ecuador	766	755	754	969	1,135	4,380
Mexico	575	1,007	656	950	503	3,691
Panama	595	650	694	598	561	3,097
Paraguay	548	497	476	710	947	3,177
Peru	2,139	2,306	2,551	2,191	2,616	11,803
Trinidad and Tobago	300	0	300	200	351	1,151
Uruguay	959	661	890	965	1,351	4,826
Venezuela	541	501	600	0	1	1,644
Other countries*	1,273	1,354	1,564	1,907	1,797	7,895
<b>TOTAL</b>	<b>12,412</b>	<b>12,259</b>	<b>13,663</b>	<b>13,010</b>	<b>14,147</b>	<b>65,492</b>

\* Other countries include: Barbados, Chile, Costa Rica, Dominican Republic, Portugal, Spain, and multinational operations.

**TABLE 6.**  
**Disbursements**  
**by country**  
*(in million USD)*

Country	2016	2017	2018	2019	2020	2016-20
Argentina	486	1,012	1,014	574	536	3,623
Bolivia	407	536	381	491	213	2,028
Brazil	1,726	2,536	621	1,130	1,747	7,760
Colombia	1,515	1,638	2,855	2,075	1,721	9,804
Ecuador	711	550	706	748	992	3,707
Mexico	812	475	585	772	1,323	3,968
Panama	223	266	498	430	448	1,866
Paraguay	82	152	117	118	629	1,098
Peru	1,039	1,688	1,614	1,361	695	6,397
Trinidad and Tobago	0	300	300	200	301	1,101
Uruguay	325	187	112	95	97	816
Venezuela	525	130	529	514	1	1,698
Other countries*	573	743	1,144	1,534	1,681	5,675
<b>Total</b>	<b>8,426</b>	<b>10,212</b>	<b>10,477</b>	<b>10,043</b>	<b>10,383</b>	<b>49,541</b>

\* Other countries include: Barbados, Chile, Costa Rica, Dominican Republic, Portugal, Spain, and multinational operations.

**TABLE 7.**  
**Consolidated**  
**portfolio by country**  
*(in million USD)*

Country	2016	2017	2018	2019	2020	Dist. 2020
Argentina	2,840	3,208	3,578	3,781	3,764	13.1%
Bolivia	2,222	2,496	2,574	2,728	2,558	8.9%
Brazil	2,022	2,161	1,747	2,285	2,672	9.3%
Colombia	2,409	2,608	2,938	2,970	3,036	10.6%
Ecuador	3,318	3,438	3,587	3,728	4,123	14.4%
Mexico	471	414	661	666	1,022	3.6%
Panama	1,306	1,411	1,710	1,843	2,060	7.2%
Paraguay	337	419	466	514	1,087	3.8%
Peru	2,286	2,292	2,052	2,095	1,630	5.7%
Trinidad and Tobago	0	300	600	789	1,049	3.7%
Uruguay	919	1,028	978	935	925	3.2%
Venezuela	3,321	3,285	3,514	3,672	3,200	11.2%
Other countries*	911	1,002	1,165	1,143	1,554	5.4%
<b>Total</b>	<b>22,546</b>	<b>24,236</b>	<b>25,735</b>	<b>27,148</b>	<b>28,680</b>	<b>100.0%</b>

\* Other countries include: Barbados, Chile, Costa Rica, Dominican Republic, Portugal, Spain, and multinational operations.



# 2020

## CAF's response to the impact of COVID-19 on the region



The COVID-19 pandemic hit Latin American economies particularly hard. Lockdown measures and the shutdown of most productive sectors, especially during the second quarter of the year, caused GDP contractions greater than recorded during the 2008 financial collapse. This unprecedented crisis required an urgent response from multilateral agencies and international financial institutions to contain the rapid economic deterioration.

CAF reacted in an agile and consistent manner by providing our shareholders with a comprehensive package containing various instruments. First, the March meeting of the Board offered a regional contingent line of credit for extreme weather events, earthquakes, polluting accidents and epidemics for USD 300 million. This line of credit was originally approved by the Board in December 2014 and had only been used once by Argentina in 2015 to address the flood emergency in the Buenos Aires province. This year, the line was requested by seven countries (Argentina, Bolivia, Costa Rica, Ecuador, Panama, Trinidad and Tobago and Uruguay), with a total demand of USD 340 million, which was covered entirely. The objective of the loans provided under this line was to strengthen the responsiveness of countries' healthcare system to address the emergency caused by COVID-19, through direct financial resources and the refund of expenses and investments arising from the execution of works, the acquisition and supply of goods, and the purchase of safety and prevention supplies and equipment aimed at reducing risk or mitigating the impact on the health of the population.

Subsequently, during April, the CAF Board approved a USD 2.5 billion regional contingent line of credit to ensure countercyclical budget support through rapid disbursement funds. This line was requested by 13 of the 19 shareholder countries with a total demand of USD 4.1 billion, and thus, it was necessary to approve additional loans with the same conditions of the line to meet all requests received. The operations that were structured under this contingent line aimed to complement the fiscal measures of the governments of the region through freely available, rapid disbursement funds and to mitigate the effects of the coronavirus pandemic on the economic, financial and social sectors, and on people's quality of life.

In May, the Administration approved the FIDE<sup>1</sup> Program: Investment in Innovative Businesses and Ventures with Impact in Response to COVID-19 for USD 10 million. This program seeks to support projects with short-term impact to respond to the crisis caused by the pandemic in the healthcare sectors (medical supplies, equipment, diagnostic tests), business solutions (technological support, digital platforms, remote work platforms) and GovTech. During the year, 8 operations were approved for innovative companies in Brazil and Mexico totaling USD 4.7 million.

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1 FIDE: Investment and Business Development Fund.

During the month of June, the Board approved a regional facility for national or subnational development banks of CAF shareholder countries, for USD 1.6 billion. The funds in this facility will be channeled through the following components: (i) Financing programs aimed at addressing the emergency of the affected population or support for companies in critical sectors related to COVID-19 (health, food, transport and logistics, among others); (ii) financing of companies, in particular MSMEs, aimed at mitigating the effects of the crisis and supporting the economic revival; and (iii) financing of institutional strengthening initiatives of development banks, such as: corporate governance, digital transformation, innovation, financial inclusion, product development and process management. Under this facility, four operations totaling USD 400 million were approved for the following development institutions: (i) Development Bank of Minas Gerais, Brazil; (ii) Foreign Trade Bank (Bancoldex), in Colombia; (iii) National Development Bank in Paraguay; and (iv) National Development Corporation, Uruguay. During 2021, we expect to approve new operations in other countries until the funds of the facility are fully used.

Also in June, and in order to support Micro-Financial Institutions (MFIs) of CAF's clients to address the economic crisis caused by COVID-19 in Bolivia, Colombia, Ecuador, Panama and Peru, the Administration approved a program for deferring capital and interest repayment installments and restructuring portfolio balances for MFIs that require it.

Similarly, the December meeting of the Board approved a regional facility for national and subnational utilities companies (energy, gas, water and sanitation) of the institution's shareholder countries, for USD 1.2 billion. The funds of the facility will be allocated to the financing of the liquidity needs of utilities companies related to general corporate purposes, working capital, operating costs and/or debt maturities in the context of the crisis caused by COVID-19 and/or the subsequent economic revival of the region. Lines of credit, loans and/or guarantees are expected to be approved under this facility over the next two years.

IN ADDITION TO FINANCIAL SUPPORT, TECHNICAL ASSISTANCE WAS PROVIDED AND NON-REIMBURSABLE FUNDS FOR USD 6.2 MILLION WERE GRANTED TO ALLEVIATE THE MOST IMMEDIATE EFFECTS OF THE HEALTH CRISIS BY SUPPORTING ACTIONS OF PREVENTION AND CONTAINMENT OF CONTAGION IMPLEMENTED BY THE COUNTRIES OF THE REGION.



In addition to financial support, technical assistance was provided and non-reimbursable funds for USD 6.2 million were granted to alleviate the most immediate effects of the health crisis by supporting the actions of prevention and containment of contagions implemented by countries of the region. To this end, one of the modalities of technical cooperation available was the Emergency Humanitarian Aid, which by nature are rapidly approved and implemented operations.

These operations financed various activities, actions and procurement associated with national COVID-19 control and mitigation plans in each country. The various uses of these funds include financing of protective equipment for healthcare staff (masks, gloves, uniforms, etc.), hospital equipment (respirators, oxygen, beds), early detection kits, strengthening of surveillance and response capacity in healthcare centers, communication strategies for the population, education on preventive measures, food, clothing, accommodation, among others.

In terms of knowledge generation and management, progress was made in the development of indicators of pandemic evolution and response capabilities in healthcare policies; the generation of databases on economic and social impact indicators and public policies in response to the emergency; coordination of knowledge initiatives on city and infrastructure and development issues.

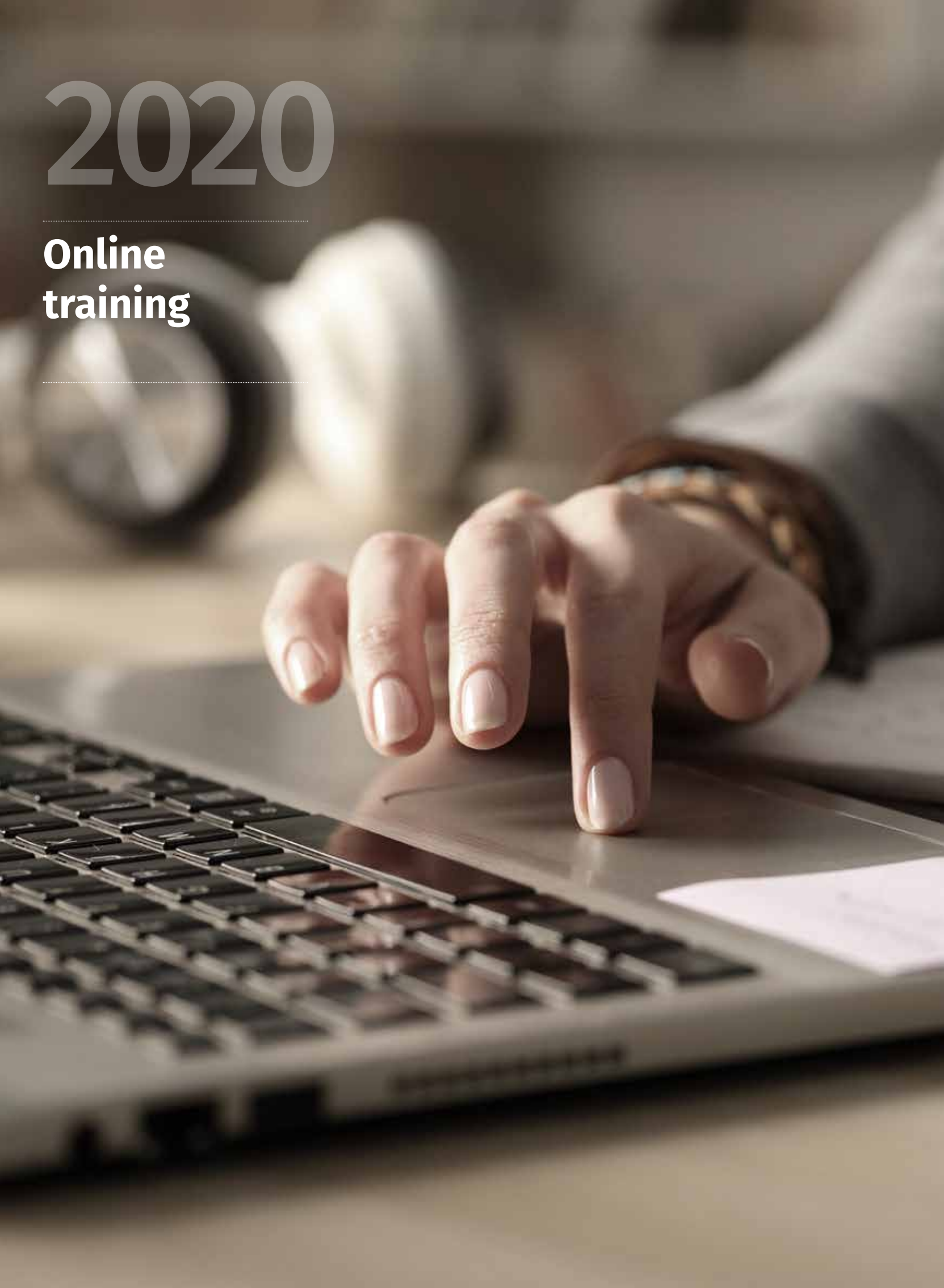
The generation of online training mechanisms through free online courses, seminars, forums and talks with renowned experts in topics such as health, education, nutrition, SMEs, productivity, cities, digital governance, finance and gender, among others; in addition to publications such as Opportunities for Digitalization in Latin America during COVID-19; provided key levels for countries to design their economic recovery strategies by maintaining the social achievements made in recent decades.

# 2020

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**Online  
training**

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The online training program, initiated by CAF in 2017, has been consolidated as an institutional strategic project, complementing and adding value to CAF's various interventions and being in high demand by public officials and economic operators in the region. The objective of the program is to contribute to development and integration, through greater institutional strength and efficiency in the provision of public services, as well as to contribute to substantial improvements in productivity in all countries of the region.

The training has focused on three routes of transmission of applied knowledge, considering topics and agents of change. First, it includes the training of public officials working at different levels of government (national or sub-national), active on policy design, planning and programming, management, implementation and evaluation of public policies and programs, in order to promote efficiency and improvement in the provision of public services. Second, the program also calls for strengthening university economics courses as a mechanism for increasing human capital and hence, the productivity in the professional life of the current students and thus the labor market in the region. The third area is the training of young people and small and medium-sized enterprises in digital transformation and innovation, a key element to boost productivity, expand value chains, efficiency and competitiveness and thus achieve sustainable growth in the region.

The training offered by CAF is characterized by helping students "learn by doing." To this end, we use case studies, hands on activities, examples, lessons learned, the experience and knowledge generated by CAF, as well as theoretical concepts. Thus, it becomes a mechanism of effective knowledge transfer, skills training and specialized networking.

At the end of 2020, the program presented four training modalities: MOOCs (Massive Open Online Course); university training courses, facilitated online courses, and diplomas, reaching 38,079 enrollments in total. In addition, 23 webinars (webinars) were held with more than 3,700 participants.



# MOOCs

These are online, free, massive and open courses, designed and developed by CAF, taught by CAF officials and international experts. The courses are short, from 20 to 36 hours, applied and focused on topics of interest to public officials, working in the management and implementation of public policies and programs or private agents related to public issues.

During 2020, 28 MOOCs<sup>1</sup> and a micro-credential consisting of five MOOCs were taught, reaching **31,147 enrollments in total**. Counting the results since 2017, **60 MOOCs** have been taught, with more than **80,000 sign-ups**. The courses dwelled on topics such as: energy, water and sanitation, dam and reservoir safety, chronic child malnutrition, educational infrastructure, impact assessment, public-private partnerships, sustainable roads, low-traffic roads, business innovation, patents, production chains and clusters, financial inclusion, business development, project management, gender, among others. The courses have been taught in Spanish, Portuguese and English.

Regarding the satisfaction of MOOC participants, the courses received an average rating of 4.56 out of 5<sup>2</sup>. Similarly, 90% of students said they would recommend the course they took. Most noteworthy is that 90% of the participants were from Latin America, mostly university graduates (85%) and an average age of 25 to 44.

DURING 2020, 28 MOOCs AND A MICRO-CREDENTIAL CONSISTING OF FIVE MOOCs WERE TAUGHT, REACHING 31,147 ENROLLMENTS IN TOTAL.

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1 First, second, third and fourth editions.

2 The average rating of MOOCs in MiríadaX is 3.84/5.

## Original courses (first edition) taught in 2020



### Business Innovation. How to boost innovation in my SME?

The course seeks to build institutional and technical capacities for the promotion of innovation in the region, as one of the central axes for Latin America's social and economic development. The purpose is to provide participants with practical tools to help them to build a roadmap to be implemented in their organizations by identifying real challenges and developing innovative strategic processes applicable to each particular company.

EDITIONS: **1**  
TOTAL ENROLLMENTS: **632**  
PUBLIC OFFICIALS: **190**



### Production chains and clusters: How can my SME benefit from productive integration?

The course gives a comprehensive and renewed overview of productive integration as clusters and production chains. Fundamental concepts are reviewed to help understand each modality, as well as its key elements when designing and implementing them. The course provides an organizing vision of existing literature characterized by a large number of views, definitions and positions on these and other modalities that are often mixed-up, overlapped or contradicted.

EDITIONS: **1**  
TOTAL ENROLLMENTS: **376**  
PUBLIC OFFICIALS: **113**



### Low-traffic road engineering

This course developed by CAF and SPANCOLD (Spanish National Committee of Great Dams) provides a joint view of the most important criteria to be considered for optimal design and for proper infrastructure management, with special emphasis on the most relevant technical and regulatory criteria that ensure safe and effective exploitation, from a theoretical-practical perspective.

EDITIONS: **1**  
TOTAL ENROLLMENTS: **777**  
PUBLIC OFFICIALS: **234**

Online training



### Design, Exploitation and Safety of Dams and Reservoirs

This course developed by CAF and SPANCOLD (Spanish National Committee of Great Dams) provides a joint view of the most important criteria to be considered for optimal design and for proper infrastructure management, with special emphasis on the most relevant technical and regulatory criteria that ensure safe and effective exploitation, from a theoretical-practical perspective.

EDITIONS: **2**  
TOTAL ENROLLMENTS: **3,065**  
PUBLIC OFFICIALS: **920**



### How to implement programs to reduce chronic malnutrition in Latin America?

The objective of this course is to guide public officials in the design, implementation, monitoring and evaluation of chronic child malnutrition reduction programs from a multisectoral approach, with a view to improving public management and the efficiency and effectiveness of interventions in Latin America, incorporating good practices and lessons learned from Peru.

EDITIONS: **2**  
TOTAL ENROLLMENTS: **2,662**  
PUBLIC OFFICIALS: **799**



### Planning and design of education Infrastructure projects

This course proposes a project formulation model that provides tools to meet the demands of public education infrastructure policies, focusing on general education, its levels and some modalities. To this end, we delved into the steps of the project cycle that make up the formulation stages: 1) identification; 2) eligibility; 3) executive projects.

EDITIONS: **1**  
TOTAL ENROLLMENTS: **276**  
PUBLIC OFFICIALS: **83**

## New editions of courses taught until 2020



### Micro-credential: "Expert in Public-Private Partnership Contract Management"

Program composed of five MOOCs with a fully practical approach, where students are faced with the challenge of managing different scenarios based on real cases. The courses focus on: Introduction to PPP contract management; organization and development of operational manuals; modification, renegotiation and rebalancing of contracts; non-compliance, sequestering and early termination of contracts; management from the point of view of the private sector. First micro-credential offered by CAF and also by the MiradaX platform.

EDITIONS: **2**  
TOTAL ENROLLMENTS IN INDIVIDUAL MICRO-CREDENTIALS AND MOOCs (IN SPANISH AND PORTUGUESE): **21,864**  
PUBLIC OFFICIALS: **6,559**



### Sustainable road construction: How to prevent and repair damage to flexible pavements

This course focuses on the issues that may arise on flexible pavements and the most important techniques to prevent and treat each type that may affect road pavement for safety and cost reduction on a global scale. In addition, the most common issues on flexible pavements are discussed, by analyzing possible causes and solutions, to carry out adequate repair jobs and prevent them from reoccurrence in the future.

EDITIONS: **4**  
TOTAL ENROLLMENTS: **4,907**  
PUBLIC OFFICIALS: **1,472**



### CAF method for accelerated patent development

The course seeks to enable students to write the descriptive memory of a patent, including drawings, database management, preliminary art, as well as define efficient patenting strategies that will allow them to optimize time and resources, as well as having an impact on development, growth, competitiveness and productivity of their country.

EDITIONS: **4**  
TOTAL ENROLLMENTS: **5,913**  
PUBLIC OFFICIALS: **1,774**



### How to develop sustainable rural water and sanitation systems? Fundamentals and case studies

The course analyses and discusses the context of projects, relevant aspects of their formulation, implementation and evaluation of results, incorporating best practices and lessons learned from two case studies (MIAGUA in Bolivia and GENAGRAP in Ecuador). The objective is to contribute to improving the management and sustainability of water and sanitation services in rural areas.

EDITIONS: **4**  
TOTAL ENROLLMENTS: **8,228**  
PUBLIC OFFICIALS: **2,468**



### Introduction to impact assessment for public management

During the course, students understand how the experimental and quasi-experimental methodology can be used with the aim of making better decisions within an organization, promoting a process of learning and continuous improvement. They also learn how impact assessments help make better public funds decisions: How to identify assessment opportunities, what a reliable impact assessment is, how to leverage the lessons of an impact assessment, and how to push a training agenda within an institution.

EDITIONS: **3**  
TOTAL ENROLLMENTS: **6,800**  
PUBLIC OFFICIALS: **3,400**



### Impact Assessment for Public Management (Intermediate Level)

The course delves into the technical topics associated with the methodologies commonly used to measure the impact of public programs and policies. The purpose is to have participants learn the different methodologies, and how to implement them. At the end of the course, participants will be able to understand the differences between various techniques when planning an impact assessment, and will be able to use their knowledge to access and use the evidence created by impact assessments, in order to make decisions about the best use of their institution's resources.

EDITIONS: **2**  
TOTAL ENROLLMENTS: **2,178**  
PUBLIC OFFICIALS: **1,089**





## Energy project management

The course teaches the concepts, processes, techniques and tools proposed by the Project Management Institute (PMI®) applied to the energy sector. Through case studies and examples, students will learn this important methodology from an applied approach, to follow the principles of project management: estimation and execution within the proposed schedule; budget optimization; quality of management; and satisfaction of stakeholders.

EDITIONS: **3**  
TOTAL ENROLLMENTS: **3,110**  
PUBLIC OFFICIALS: **933**



## Fundamentals of electrical systems and introduction to evaluation of energy projects

The course presents the general concepts about energy and electricity; the process of transforming energy supply for the use or demand of the resource; and the methodological aspects for the evaluation of an energy project.

EDITIONS: **3**  
TOTAL ENROLLMENTS: **1,004**  
PUBLIC OFFICIALS: **301**



## Energy Efficiency in Buildings

Created by CAF and the International Energy Agency (IEA), this course aims to train participants to successfully advance the construction and modernization of energy-efficient buildings. Students will learn the basics of how building design can reduce energy use, the benefits of reducing energy waste, the policy, code and standards outlook, data and indicators and finance.

This course was taught in Spanish and English throughout 2020.

EDITIONS: **2 in Spanish, 1 in English**  
TOTAL ENROLLMENTS: **5,146**  
PUBLIC OFFICIALS: **1,544**

Online training



## Financial Inclusion in Latin America: Challenges and Opportunities

Based on an analysis of the importance of the financial sector and the benefits of financial inclusion, the course emphasizes the relevance of financial literacy, as well as financial innovation, for the design of financial products and services focused on customer needs. It also discusses public policies for financial inclusion, highlighting cases of national strategies in Latin America and developing countries.

EDITIONS: **3**  
TOTAL ENROLLMENTS: **3,215**  
PUBLIC OFFICIALS: **965**



## Gender-sensitive business development

The course seeks to build capacities in the public sector and corporate service providers around knowledge, tools and actions to boost growth and productivity of women-led companies.

EDITIONS: **3**  
TOTAL ENROLLMENTS: **2,417**  
PUBLIC OFFICIALS: **725**



## Project Management Applied to the Public and Private Sectors in Latin America

Developed by CAF in collaboration with the Getulio Vargas Foundation, the course provides conceptual and technical tools for project planning, programming, execution and monitoring.

The course combines theoretical concepts with practice, considering Latin American reality. The goal is to strengthen the skills and abilities of the professionals who handle projects in the public and private sectors.

This course was taught in Spanish and Portuguese during 2020.

EDITIONS:  
**2 in Spanish, 2 in Portuguese**  
TOTAL ENROLLMENTS: **7,746**  
PUBLIC OFFICIALS: **2,324**

**TOTAL**  
ENROLLMENT: **80,316**  
PUBLIC OFFICIALS: **24,973**

## Online reinforcement of economics courses for public universities in the region

This project, promoted by CAF in partnership with universities associated with the program, aims to improve the knowledge and command of conceptual and applied aspects of economic theory among students and teachers, in order to strengthen the human capital potential of these universities and directly impact the development and productivity of their city, region and country. The program targets public universities in various locations in the countries of the region. Started in 2019 with two universities, has now been implemented in 13 universities. 100% free of charge for them.

The reinforcement provided by CAF offers:

- 24 facilitated online courses with international teachers/tutors in: Microeconomics, Macroeconomics, Econometrics, Mathematics, Finance, among others.
- Complementary teaching (the CAF online reinforcement complements university classes).
- Specialized tutoring, both online and face-to-face.
- Text books for teachers and students.
- Digital training for teachers.
- Online learning platform.

At the end of 2020, the program was implemented in 13 public universities in Bolivia, Ecuador, Paraguay and Peru. Regarding coverage, the program has 6,158 students, 201 local teachers and more than 22 international teachers.



**24 courses**



**4 countries  
in the region  
benefited**



**13 allied  
universities**



**6,158  
students**



**201 trained  
local teachers**



**22 international  
teachers  
via online  
classes**

AT THE END OF 2020, THE PROGRAM WAS IMPLEMENTED IN 13 PUBLIC UNIVERSITIES IN BOLIVIA, ECUADOR, PARAGUAY AND PERU.

The subjects of the program include an introductory course for universities that require it, as well as a sequence of courses with the fundamentals of economic theory through phases, which are implemented consecutively. The scheme complements the course structure of universities.

### Base course: Introduction to Economics

Phase I	Phase II	Phase III	Phase IV	Phase V
Macroeconomics I	Macroeconomics II	Growth Economic	Macroeconomics Dynamics	Economy of Natural Resources
Microeconomics I	Microeconomics II	Organization Industrial	Economics Computer	Economics Public
Econometrics I	Econometric II	Microeconometrics Applied	Economics Monetary	Development Economic
Mathematics I	Mathematics II	Mathematics III		International Trade
Finance I	Finance II	Finance III		Social Assessment of Projects

Universities in which the online reinforcement program has been implemented are distributed in different locations in the four countries mentioned.

Name of university | **D: NUMBER OF LOCAL** | **E: NUMBER OF STUDENTS**

#### ECUADOR

- 1 Eloy Alfaro University of Manabí (Manta) | **D: 8** | **E: 569**
- 2 Northern Technical University (Ibarra) | **D: 17** | **E: 357**

#### PERU

- 3 University of San Antonio Abad del Cusco (Cusco) | **D: 17** | **E: 770**
- 4 National University of San Agustín de Arequipa (Arequipa) | **D: 25** | **E: 2.060**
- 5 National University of Piura (Piura) | **D: 17** | **E: 391**
- 6 National University of Central Peru (Huancayo) | **D: 30** | **E: 314**

#### BOLIVIA

- 7 Technical University of Beni "Mariscal José Ballivián" (Trinidad) | **D: 5** | **E: 159**
- 8 Higher University of San Andrés (La Paz) | **D: 21** | **E: 138**
- 9 Gabriel René Moreno Autonomous University (Santa Cruz) | **D: 14** | **E: 83**
- 10 Royal Pontifical University of San Francisco Xavier de Chuquisaca (Sucre) | **D: 15** | **E: 382**
- 11 Juan Misael Saracho Autonomous University (Tarija) | **D: 11** | **E: 159**

#### PARAGUAY

- 12 National University of the East (Ciudad del Este) | **D: 15** | **E: 545**
- 13 National University of Caaguazú (Caaguazú) | **D: 6** | **E: 231**



# Virtual diplomas

CAF online diplomas, designed for public officials in the region, seek to strengthen their skills and technical competencies to improve their professional performance and the management at the institutions where they work.

Diplomas last six months (180 hours) and are taught through facilitated online courses with tutors on CAF's educational platform. They are characterized by being practical for students, so they can learn by doing, using examples and studies of Latin American cases, and encourage the active participation of students through discussion with peers and teachers.

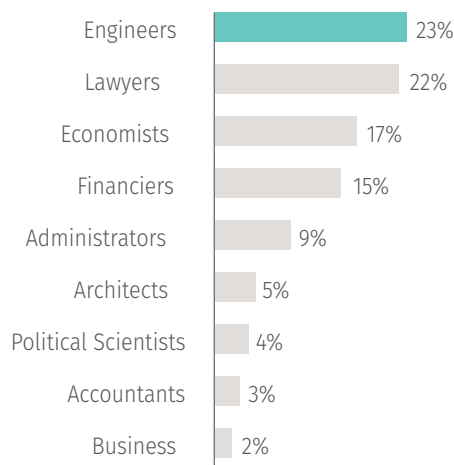
## Diploma in Public-Private Partnerships

During 2020 the second edition of this diploma was launched, which offers a practical approach and applied to aspects of PPPs of particular relevance to public administrations responsible for projects, such as: identification and prioritization of projects; selection of the supply route; effective risk assessment and transfer; the economic-financial model; bidding for PPP contracts and supervision and management of contracts awarded. The first and second editions of this diploma included **435 students from public (90%) and private (10%) institutions in Latin America and 46 CAF students.**

### GENDER



### PROFESSION



## Diploma in Financial Inclusion

Also during 2020, the first CAF Online Diploma in Financial Inclusion was conceptualized, developed and launched. This training aims to develop specific capabilities for the design, implementation and monitoring of financial inclusion policies and programs in public sector officials and other relevant stakeholders responsible for implementing national financial inclusion strategies in the region.

This first edition has **152 students, of which 50% belong to public institutions and 50% to private institutions.** It also includes six CAF students. Participants come from: Ministries of Finance, Education, Social Inclusion, Planning, Labor, Agriculture; Financial Superintendencies; Development Banks; regulatory agencies; associations of financial institutions; among others.

## Short facilitated courses with tutors

During 2020, three online courses lasting 24 to 30 hour were developed:

- **Seminar on Impact Assessment for Development** (1st ed) with 35 students
- **Urban Leaders: Mobility and Gender in Latin America** (1st ed) with 60 students
- **Mobility from a gender perspective** (1st ed) with 46 students

By 2021 we expect to expand the offer of this type of training to other topics such as: patents, innovation, productivity, competitiveness, public management, among others.

Online training

## Webinars

In 2020, 23 webinars were conducted with more than 3,700 participants from all over the region. These webinars dwelled on two fundamental axes: health (COVID-19) and productivity.

The seven-webinar cycle on health and COVID-19 had a total of **2,379 one-time participants and more than 31,871 total views**. This cycle highlighted topics such as: food security; traceability (tracking); biosecurity recommendations for work; reducing the risk of contagion and COVID-19 in the pediatric population. Webinars were taught in Spanish, English and Portuguese.

The cycle of 16 webinars on productivity had **1,327 live participants and more than 7,686 total views**. This cycle discussed topics of: innovation; clusters; agri-food chains; corporate governance; inclusion and financial education; among others. These topics were always analyzed in the context of COVID-19 and its challenges.

THE CYCLE OF SEVEN WEBINARS ON HEALTH AND COVID-19 HAD A TOTAL OF 2,379 LIVE PARTICIPANTS AND MORE THAN 31,871 TOTAL VIEWS.

# 2020

## Shareholder Countries

46	Argentina	Other shareholder countries:
48	Bolivia	69 Barbados
50	Brazil	69 Chile
52	Colombia	70 Costa Rica
54	Ecuador	70 Spain
56	Panama	71 Mexico
58	Paraguay	71 Portugal
60	Peru	72 Dominican Republic
62	Trinidad and Tobago	73 Other actions in Europe
64	Uruguay	73 Multinational
66	Venezuela	

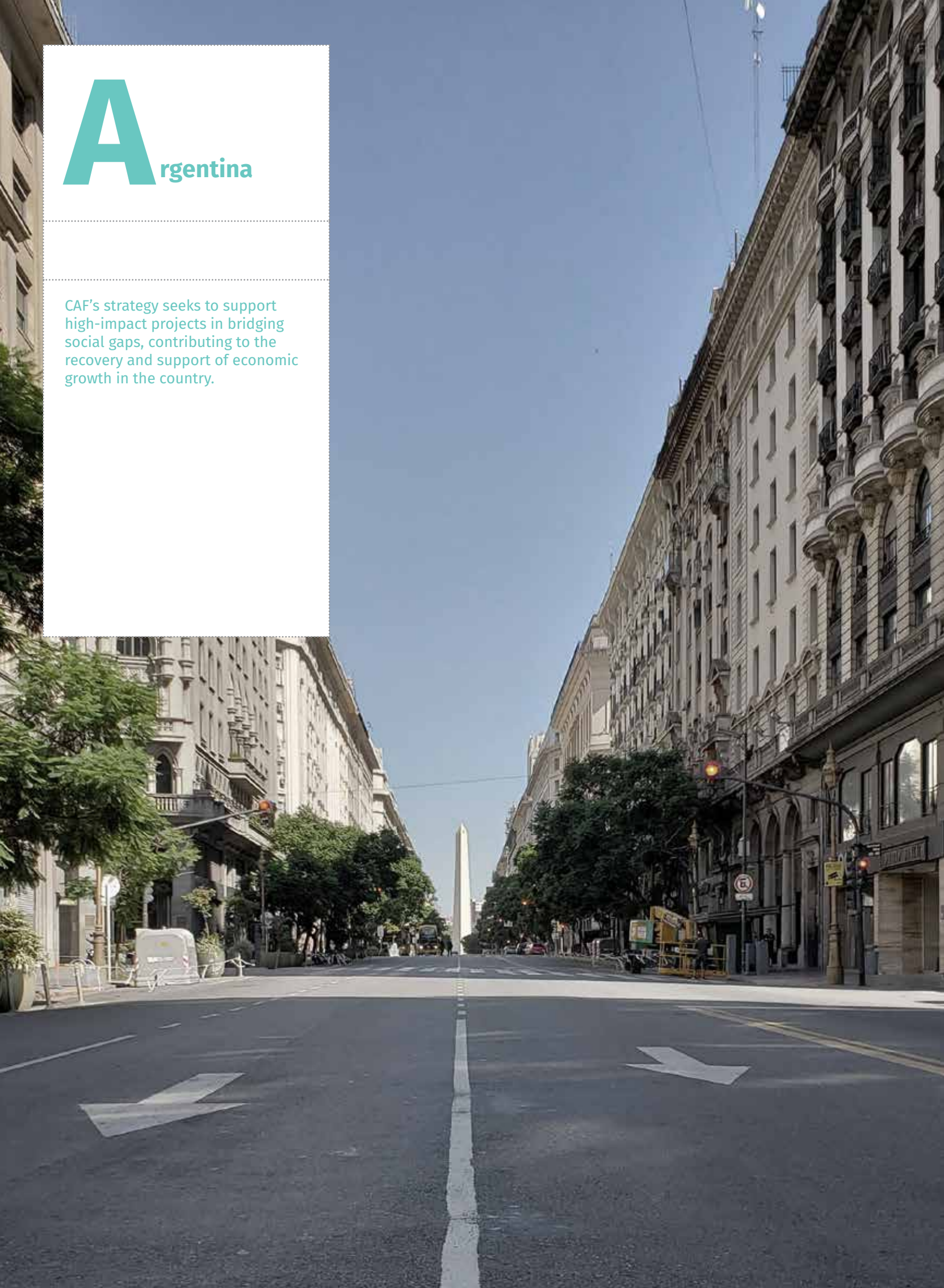






# A rgentina

CAF's strategy seeks to support high-impact projects in bridging social gaps, contributing to the recovery and support of economic growth in the country.



CAF approved operations in Argentina for USD 963.6 million. With rapid disbursement funds, a total of USD 340 million were allocated to provide an expedited and timely response to the unfavorable economic and social consequences of the COVID-19 pandemic through two operations: (i) The Support Program for provincial emergency assistance for USD 40 million and (ii) the Support Program for the Argentine National Plan against Hunger in COVID-19 Social-Health Emergency for USD 300 million.

In addition, four operations were approved for projects and investment programs totaling USD 618.8 million, including the Development and Manufacturing Project for the Second Generation Geostationary Telecommunications Satellite System: ARSAT-SG1 satellite (USD 243.8 million); the Municipal Infrastructure Development Program (USD 200 million); the Santa Fe + Conectada Program (USD 100 million) and the "Vuelta al aula" School Infrastructure Improvement Project (USD 75 million).

These initiatives combined will help mitigate the emergency and high nutritional vulnerability of approximately one million families, improve the social and productive infrastructure of approximately 67 municipi-

palities with nearly eight million residents will provide internet access for 900,000 inhabitants of rural areas mainly in Argentina, but also in Bolivia, Chile and Paraguay. They will also contribute to the deployment of nearly 3,400 kilometers of fiber optics, to the construction of more than 75,000 square meters of new or improved educational infrastructure, directly benefiting 80,000 students and more than a million indirectly. It also calls for the training of 70,000 teachers and the possibility of providing internet connectivity to approximately 150,000 residents of low-income neighborhoods belonging to large urban agglomerates in the province of Santa Fe.

During this year, non-reimbursable technical cooperation funds financed two operations amounting to USD 650,000 to support the emergency situation caused by COVID-19 and improve financial inclusion and financial literacy in the country. This comes in addition to USD 4.15 million in funds from Stage II of the CAF Pre-investment programs in Infrastructure and the Pre-Investment Program in Infrastructure in the Water Sector, in projects for the preparation of studies for the development of logistics corridors in northern Argentina and water infrastructure in the Metropolitan area of Buenos Aires.

## IN NUMBERS

### APPROVALS



- Sovereign risk: **959**
- Non-sovereign risk\*: **5**

### DISBURSEMENTS



- Sovereign risk: **532**
- Non-sovereign risk\*: **4**

### PORTFOLIO



- Sovereign risk: **3,649**
- Non-sovereign risk: **115**

\* Includes technical cooperation funds.

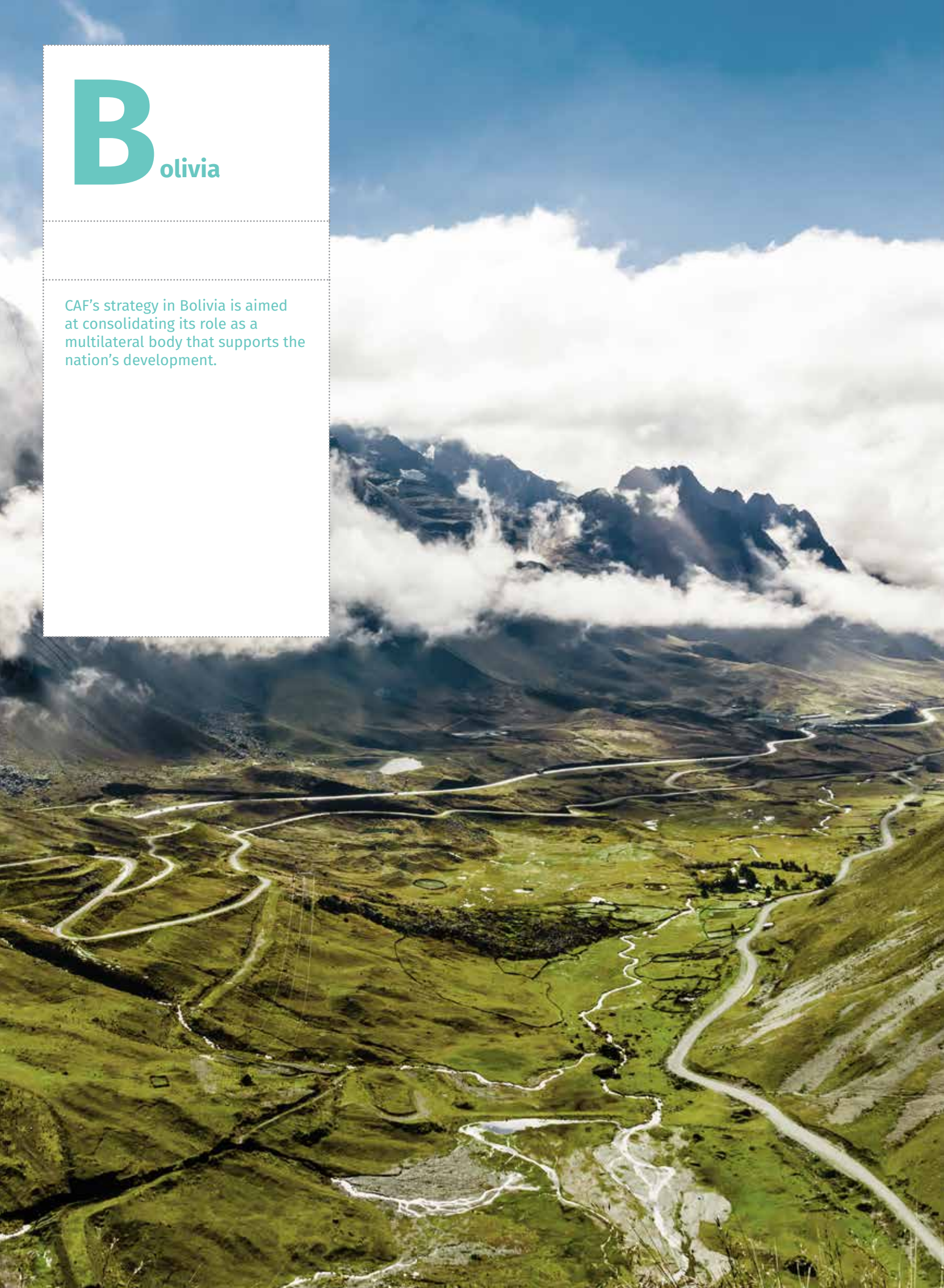
## APPROVALS

- 1 Support Program to the Argentine National Plan against Hunger in the COVID-19 Social-Health Emergency  
Client: Argentina  
Amount: USD 300 million
- 2 Project for the Development and Manufacture of the Second Generation Telecommunications Geostationary Satellite System: Arsat - SG1 Satellite  
Client: Argentina  
Amount: USD 244 million
- 3 Municipal Infrastructure Development Program - Stage  
Client: Argentina  
Amount: USD 200 million
- 4 Digital Inclusion and Educational Transformation Program "Santa Fe + Conectada"  
Client: Province of Santa Fe  
Amount: USD 100 million
- 5 "Vuelta al aula" School Infrastructure Improvement Project  
Clients: Argentina  
Amount: USD 75 million
- 6 Provincial Emergency Relief Program  
Clients: Argentina  
Amount: USD 40 million



# B<sub>olivia</sub>

CAF's strategy in Bolivia is aimed at consolidating its role as a multilateral body that supports the nation's development.



CAF approved operations in favor of Bolivia for USD 554 million.

CAF's actions in Bolivia focused on supporting the nation through the financing of the regional contingent credit line for the healthcare emergency caused by COVID-19 for USD 50 million, and the regional contingent credit line of countercyclical support to address the economic impact of COVID-19 for USD 350 million.

Despite the priority in addressing the pandemic, the country continued to prioritize infrastructure and social development as a driver of advanced growth by moving forward with management investment projects.

As regards support for the nation's private sector, we played a pivotal role in 2020, particularly in favor of the Bolivian financial sector by approving a total of USD 152.5 million in lines of credit es-

pecially targeted at the productive SME sector, as well as microfinance institutions. Noteworthy is the USD 10 million increase in the line of credit granted to the Productive Development Bank, an institution that plays a pivotal role in economic revival by financing first- and second-tier activities.

During this year, non-reimbursable technical cooperation funds financed a total of five operations totaling USD 740,000 in support of the emergency caused by COVID-19. This comes in addition to initiatives to improve adaptation of SMEs to the new context of the pandemic, improving financial inclusion and supporting the government's digital transformation strategy. In addition, we allocated USD 748,000 in funds from Stage II of the Pre-Investment In Infrastructure Project in the Water Sector to finance the final design of the Carachimayo Irrigation and Dam System Project.

## IN NUMBERS

### APPROVALS



- Sovereign risk: **400**
- Non-sovereign risk\*: **154**

### DISBURSEMENTS



- Sovereign risk: **195**
- Non-sovereign risk\*: **17**

### PORTFOLIO



- Sovereign risk: **2,506**
- Non-sovereign risk: **53**

\* Includes technical cooperation funds.

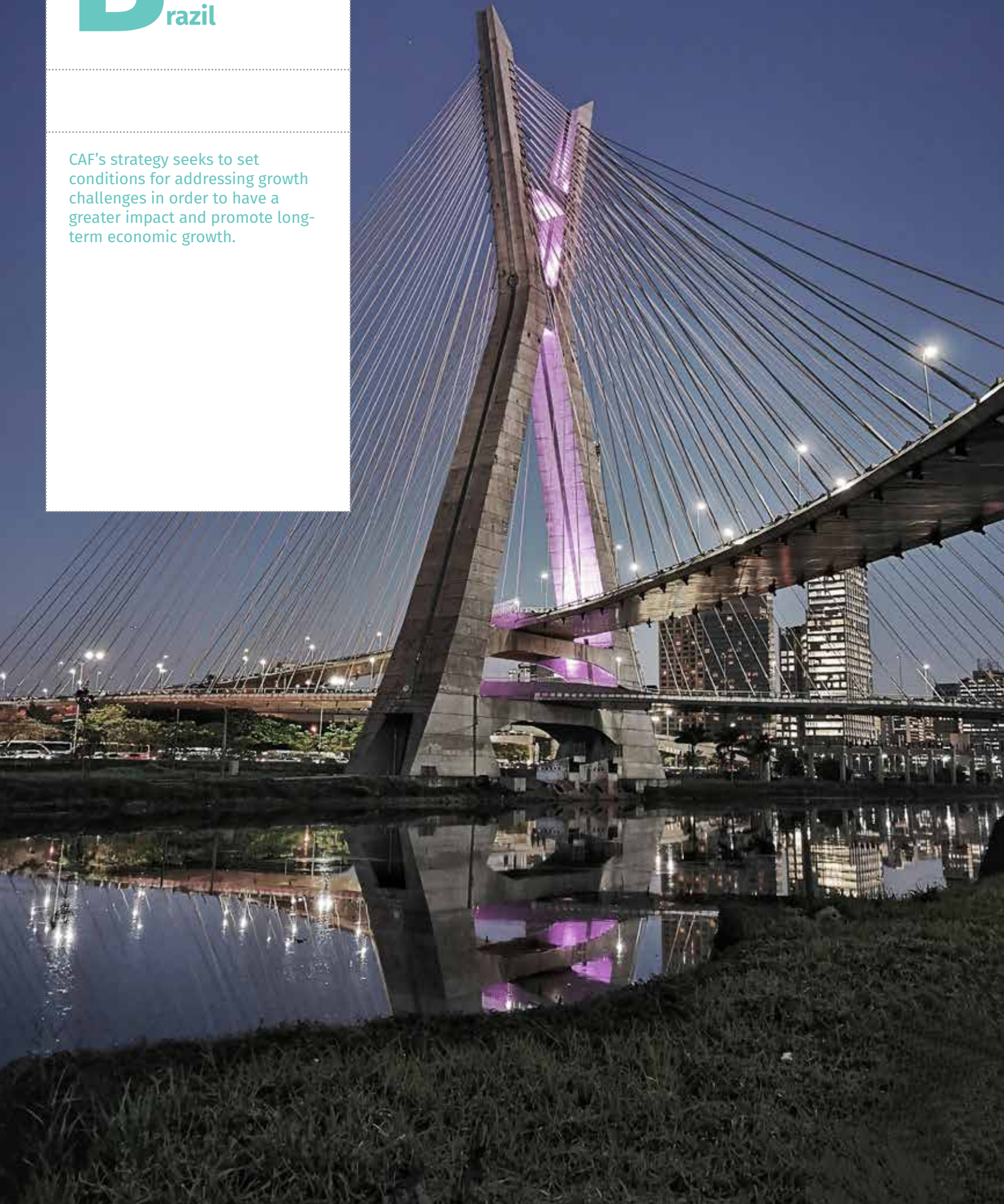
## APPROVALS

- 1** Long-Term Loan under the Regional Contingent COVID-19 Emergency Anti-cyclical Relief Credit Line  
Client: Plurinational State of Bolivia  
Amount: USD 350 million
- 2** Long-Term Loan to Address the COVID-19 Health Emergency  
Client: Plurinational State of Bolivia  
Amount: USD 50 million
- 3** Financial Credit Lines  
Client: Several  
Amount: USD 153 million



**B**razil

CAF's strategy seeks to set conditions for addressing growth challenges in order to have a greater impact and promote long-term economic growth.



In 2020, CAF's action in Brazil was aimed at offering a countercyclical response to address the effects of the pandemic and support the nation's economic revival process; meeting funding needs of the Federal Government, continuing the implementation of programs and investment projects of sub-national entities and increasing financing to local development banks for loans to SMEs and small municipalities. The strategy was defined along four axes of intervention:

(i) Federal Government: A new line of work was created with the first approval of a CAF loan to the Federal Government, aimed at providing countercyclical support for economic revival.

(ii) Municipalities: With 26 disbursement operations and five new approvals for municipalities in the year, CAF has positioned itself in Brazil as a contributor of development programs of sub-national entities, recognized as the "bank of cities." These interventions target comprehensive urban regeneration, mobility improvement, sanitation and drainage, healthcare, education and financial and social inclusion programs.

(iii) States: CAF works in inter-municipal and state road building operations with comprehensive and safe roads, including road safety actions, in logistics integration corridors, in urban mobility in metropolitan areas and solid waste

management systems. In 2020 an operation was approved for logistics and tourism corridors.

(iv) Non-sovereign sector: As a strategy to revive the economy, CAF supported regional development banks with lines of credit for micro, small and medium-sized enterprises, and the productive sector. In 2020, contracts were signed with Banco de Desenvolvimento de Minas Gerais (BDMG), Banco de Desenvolvimento do Extremo Sul (BRDE) and Agência de Desenvolvimento do Estado de São Paulo (Desenvolve SP), and approved renewals of credit lines with the main banks in the nation.

This year, non-reimbursable technical cooperation funds financed a total of nine operations amounting to USD 934,500 aimed mostly at supporting the strategy of defending four municipalities from the emergency caused by COVID-19, in addition to supporting the digitalization of two municipalities. In addition, we approved three operations for a total of USD 3.9 million financed with Stage II funds from the CAF Pre-Investment Programs, one of which targeted pre-investment studies for the Sao Paulo – Corumbá (Bolivia)/ Ponta Porã (Paraguay) Railway Network, and for sanitation projects in the state of Ceará and the municipality of Santo André (SP).

## IN NUMBERS

### APPROVALS



- Sovereign risk: **717**
- Non-sovereign risk\*: **958**

### DISBURSEMENTS



- Sovereign risk: **299**
- Non-sovereign risk\*: **1,448**

### PORTFOLIO



- Sovereign risk: **1,510**
- Non-sovereign risk: **1,162**

\* Includes technical cooperation funds.

## APPROVALS

- Emergency Income Support Program for Vulnerable Groups Affected by COVID-19**  
Client: Federative Republic of Brazil  
Amount: USD 350 million
- Baquirivú-Guaçu River Macro Dredging and Flood Control Program**  
Client: Municipality of Guarulhos in the state of Sao Paulo  
Amount: USD 96 million
- Urban Sanitation and Infrastructure Program**  
Municipality of Juazeiro do Norte in the state of Ceará  
Amount: USD 80 million
- Mais Mogi Ecotietê Program**  
Client: Mogi das Cruzes Municipality in the state of Sao Paulo  
Amount: USD 69 million
- Environmental Macro Dredging and Sanitation Program**  
Clients: Municipality of Três Lagoas in the state of Mato Grosso do Sul  
Amount: USD 50 million
- Urban Infrastructure**  
Client: Municipality of Iguatu in the state of Ceará  
Amount: USD 47 million
- Estrutura Program**  
Client: State of Alagoas  
Amount: USD 24 million
- FIDE Program: Investment in Innovative Companies and Ventures with Impact in Response to COVID-19**  
Client: Neoprospecta Pesquisa e Consultoria S.A.  
Amount: USD 0.5 million
- Companies and Ventures with Impact in Response to COVID-19**  
Client: MedRoom (Room Interactive Systems LTDA)  
Amount: USD 0.5 million
- FIDE Program: Investment in Innovative Companies and Ventures with Impact in Response to COVID-19**  
Clients: Tolife SA  
Amount: USD 0.8 million

- FIDE Program: Investment in Companies**  
Client: Timpel SA  
Amount: USD 1.3 million
- Financial credit lines Clients**  
Clients: Several  
Amount: USD 950 million



# C olombia

CAF's strategy in the country is based on four strategic guidelines: Territorial development to reduce gaps in regions; business development to boost productivity; institutional development for state modernization and rural development, with one cross-cutting theme, i.e. climate change to improve the quality of life in the Colombian countryside.





In Colombia, CAF continues to implement its rural development, environment and climate change strategy. In 2020, we prioritized impact actions to mitigate the effects of COVID-19, in support of small and medium-sized enterprises, as well as the responsiveness of the national government.

The 2020 approvals include notably a sovereign loan within the USD 350 million Regional Contingent Countercyclical Credit Line whose objective was to provide timely and efficient financial support the emergency measures taken by the Government of Colombia to mitigate the effects of the pandemic on economic, financial and social sectors, as well as in the quality of life of people. In the same line, but from the point of view of non-sovereign risk operations, there was a revolving and uncommitted line of credit in favor of Bancoldex for USD 100 million, aimed at financing companies, in particular the MSMEs, to help mitigate the effects of the crisis and support the economic revival under facilities for development banks. Also noteworthy is the approval of the USD 20 million uncommitted revolving line of credit to Banco Mundo Mujer, aimed at meeting the needs and access to financing of micro-entrepreneurs and women in that business segment with financial services tailored to their needs, providing greater possibilities to boost productivity of their businesses and increase household incomes.

With funds from the Latin American Investment Facility (LAIF) of the French Development Agency on Cities and Climate Change, we approved the technical, legal, financial, social and environmental structuring of a territorial bicycle lane network to be articulated with the Regiontram Western project for EUR 450,000. Similarly, with funds from the British Prosperity Fund, four projects amounting to USD 1,932,075 were approved, including notably the Barrancabermeja Multimodal Logistics Platform, to develop feasibility studies by identifying the most suitable management model alternatives for the construction and operation of the project, and strengthening the city as a multimodal logistics node in the Middle Magdalena region.

This year, non-reimbursable technical cooperation funds underpinned a total of 16 operations amounting to USD 3.7 million, 11 of which were financed with CAF funds (USD 1.2 million) and the remaining five with third-party funds (USD 2.5 million). The first actions include support to the government through humanitarian aid for the emergency caused by COVID-19 and the effects of Hurricane Iota, as well as to close gender gaps in credits and achieve safe mobility for children in cities. Third-party-funded operations included notably British Fund operations aimed at expanding the nation's productive logistics infrastructure, as well as improvements in the productivity of the agricultural, livestock and fisheries sectors, among others.

## IN NUMBERS

### APPROVALS



- Sovereign risk: **350**
- Non-sovereign risk\*: **1,343**

### DISBURSEMENTS



- Sovereign risk: **850**
- Non-sovereign risk\*: **871**

### PORTFOLIO



- Sovereign risk: **2,423**
- Non-sovereign risk: **613**

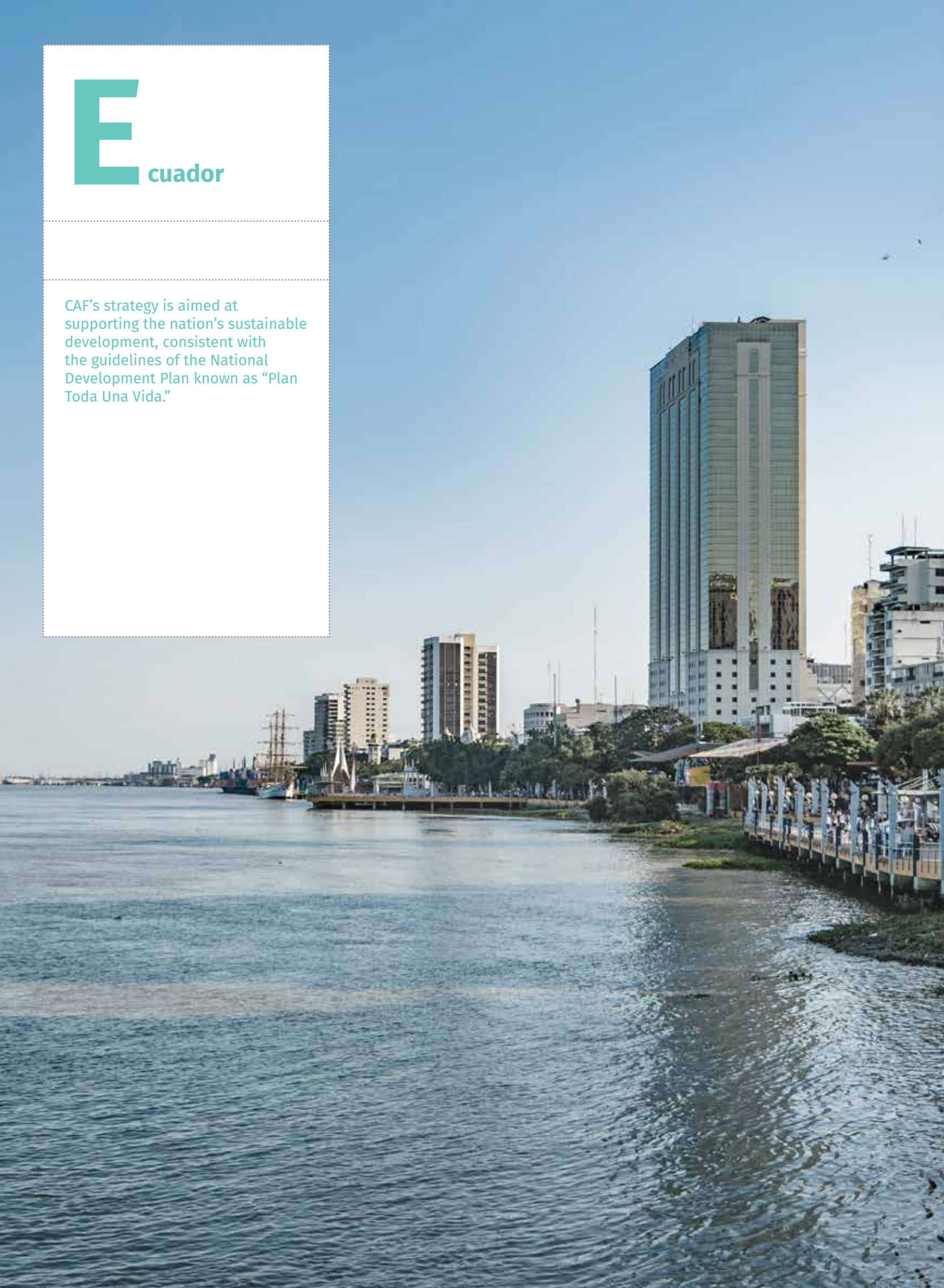
\* Includes technical cooperation funds.

## APPROVALS

- 1 Long-Term Loan under the Regional Contingent COVID-19 Emergency Anti-cyclical Relief Credit Line  
Client: Republic of Colombia  
Amount: USD 350 million
- 2 Financial Credit Lines  
Client: Several  
Amount: USD 1.339 million

**E**cuador

CAF's strategy is aimed at supporting the nation's sustainable development, consistent with the guidelines of the National Development Plan known as "Plan Toda Una Vida."



CAF's strategy in Ecuador in 2020 was focused on supporting the nation's sustainable development, with an emphasis on the negative effects of COVID-19 on social, economic and productive sectors.

Ecuador requires a set of structural reforms to help the nation move towards a path of growth with equity and stability. Therefore, as part of the approvals in the sovereign sector, the Ecuadorian government and CAF prioritized the public healthcare system with the following programs:

- i) support to strengthen the healthcare sector's responsiveness, aimed at addressing the needs derived from the pandemic;
- ii) access to an anti-cyclical line in a year of economic recession; and (iii) the implementation of a program to combat chronic child malnutrition, using the Outcome Budgeting methodology, with the support and leadership of the Ministry of Economy and Finance and social entities.

In addition, we approved funds for development projects for municipal governments (PRODEPRO) in road, irrigation

and drainage; and the development of the Logistics Infrastructure Program (PIL) among others, which contribute to the nation's progress in its objectives of enhancing its productive infrastructure, improving the health conditions of the population, ensuring sustainability of public finance and the strength of dollarization.

This year, non-reimbursable technical cooperation funds underpinned a total of 12 operations amounting to USD 5.4 million, 10 of which were financed with CAF funds (USD 1.3 million) and the remaining two with third-party funds (USD 4.1 million). The former include notably the humanitarian aid to address the COVID-19 pandemic, strengthening actions to minimize the effects of the virus on pregnant women and children, as well as support for capacity-building operations of our institutional counterparts. Operations financed with third-party funds include operations financed from Global Environment Facility (GEF) and the French Development Agency (AFD) to support the development of sustainable businesses that respect biodiversity, and the design of wastewater treatment plants, respectively.

## APPROVALS

- 1 Long-Term Loan under the Regional Contingent COVID-19 Emergency Anti-cyclical Relief Credit Line  
Client: Republic of Ecuador  
Amount: USD 350 million
- 2 Logistics Sector Support Program  
Client: Republic of Ecuador  
Amount: USD 150 million
- 3 Broad Sector Support Loan to Reduce Chronic Malnutrition under an Outcome Budgeting Approach  
Client: Republic of Ecuador  
Amount: USD 150 million
- 4 Investment and Support Program for Decentralized Autonomous Governments Provincial Governments in Territorial Economic Development (PRODEPRO)  
Client: Republic of Ecuador  
Amount: USD 143 million
- 5 Broad Sectoral Program to Support the National Connectivity Agenda  
Client: Republic of Ecuador  
Amount: USD 138 million
- 6 Logistics Infrastructure Program, Phase I  
Client: Republic of Ecuador  
Amount: USD 80 million
- 7 COVID-19 Health Emergency Loan under the Regional Contingent Credit Line for Extreme Weather Events, Earthquakes, Pollutant Accidents and Epidemics in the Region  
Client: Republic of Ecuador  
Amount: USD 50 million
- 8 Power Distribution Network Strengthening Program for the Aquaculture Sector  
Client: Republic of Ecuador  
Amount: USD 27 million
- 9 Road and Clean Water Program in Densely Populated Areas of Guayaquil, Phase V  
Client: Very Illustrious Municipality of Guayaquil  
Amount: USD 16 million
- 10 Corporate and financial lines of credit  
Client: Several  
Amount: USD 24 million

## IN NUMBERS

### APPROVALS



- Sovereign risk: **1,105**
- Non-sovereign risk\*: **30**

### DISBURSEMENTS



- Sovereign risk: **890**
- Non-sovereign risk\*: **102**

### PORTFOLIO



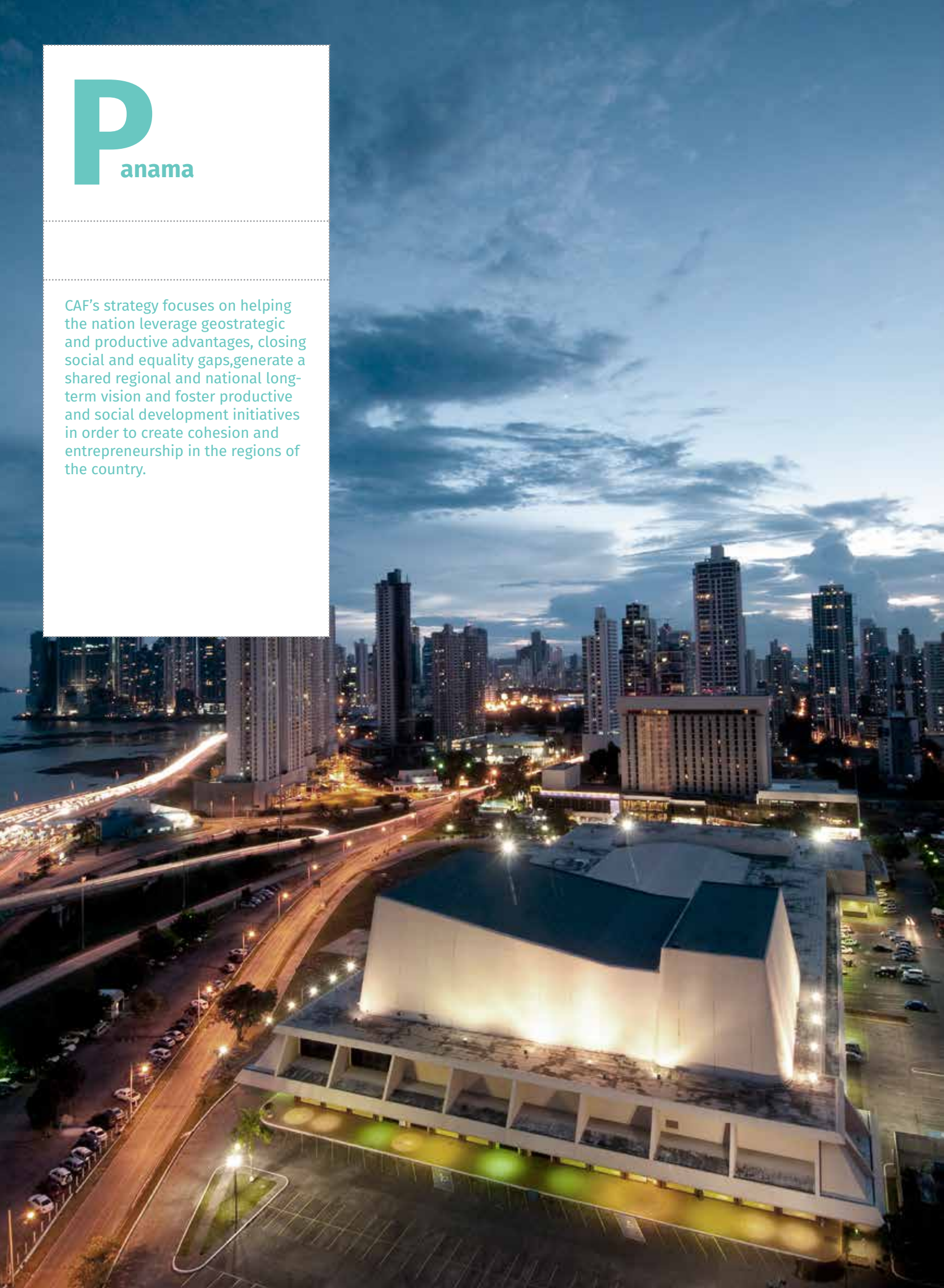
- Sovereign risk: **4,069**
- Non-sovereign risk: **54**

\* Includes technical cooperation funds.





CAF's strategy focuses on helping the nation leverage geostrategic and productive advantages, closing social and equality gaps, generate a shared regional and national long-term vision and foster productive and social development initiatives in order to create cohesion and entrepreneurship in the regions of the country.



The year's approvals include notably two contingent lines of credit totaling USD 400 million to support the country in addressing the crisis caused by the COVID-19 pandemic. The first line, for USD 350 million has been fully disbursed, and the second line of credit for USD 50 million will use direct financial resources and the refund of expenditures and investments for works, purchase and supply of goods, services and other supplies aimed at reducing risk and mitigating the impact on the health of the population.

In the financial sector, lines of credit were renewed for USD 159 million, including financing lines for foreign trade, agribusiness and productive microfinance operations.

In addition, GEF funds for USD 1.7 million were approved for the Biodiversity-Friendly Livestock Production Framework, based on ecosystems for the Darien region.

With funds from Stage II of the 2019 CAF Pre-Investment Infrastructure Program,

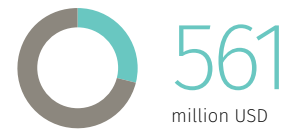
we allocated in 2020 the amount of USD 3 million in favor of the Colombia-Panama Electric Interconnection Project as a proposal for integration infrastructure, which will improve efficiency with a regional scope.

During the year, a total of 12 technical cooperation operations for USD 1.7 million were approved, in an effort to underpin government actions in addressing the emergency caused by COVID-19, as well as build public sector capacities in innovation, transparency in the use of public funds and the construction of an ecosystem for innovation and modernization of their environmental management instruments.

Also noteworthy is the approval of USD 300,000 to carry out feasibility studies of the 100% National Digital Coverage Strategy with special emphasis on rural and hard-to-reach areas, which is set to reduce the digital divide by increasing equitable and universal access to all services.

## IN NUMBERS

### APPROVALS



■ Sovereign risk: **400**

■ Non-sovereign risk\*: **161**

### DISBURSEMENTS



■ Sovereign risk: **403**

■ Non-sovereign risk\*: **45**

### PORTFOLIO



■ Sovereign risk: **1,806**

■ Non-sovereign risk: **254**

\* Includes technical cooperation funds.

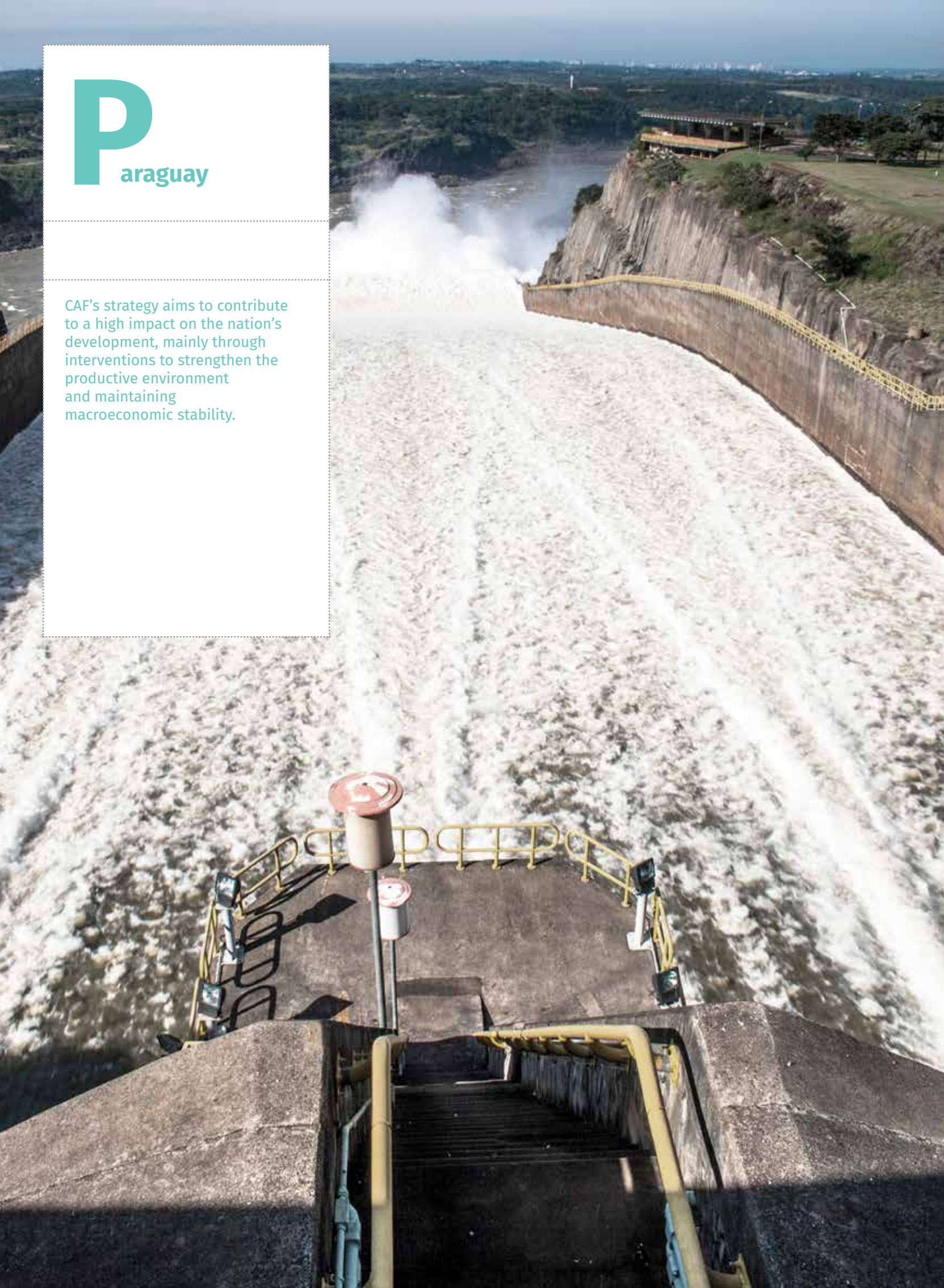
## APPROVALS

- 1 Long-Term Loan under the Regional Contingent COVID-19 Emergency Anti-cyclical Relief Credit Line  
Client: Republic of Panama  
Amount: USD 350 million
- 2 Long-Term Loan to Address the COVID-19 Healthcare Emergency  
Client: Republic of Panama  
Amount: USD 50 million
- 3 Financial credit lines  
Client: Several  
Amount: USD 159 million



# P araguay

CAF's strategy aims to contribute to a high impact on the nation's development, mainly through interventions to strengthen the productive environment and maintaining macroeconomic stability.





This year, due to the COVID-19 pandemic, we approved a sovereign anti-cyclical credit line to address the emergency.

Furthermore, in line with the strategic axis of development and integration, we approved a sovereign loan to finance access to the town of Puerto Indio, which will improve connectivity of the area of influence and integration with Brazil.

With regard to the non-sovereign sector, there were important approvals of lines of credit for commercial banking (Banco Regional and BANCOP). Another notable example is the approval of a line of credit for the National Development Bank, within the framework of the Regional Credit Line to Support Development Banks, which will underpin the nation's post-pandemic economic revival.

CAF's financial contribution was complemented by knowledge generation, through the development of studies on current topics: Public debt sustainability and analysis of fiscal rules.

During this year, non-reimbursable technical cooperation funds financed a total of three operations for USD 505,000, in an attempt to address the health emergency caused by COVID-19, and capacity building in stock market oversight. This comes in addition to this year's allocation of USD 3.08 million with Stage II funds from both the CAF Pre-Investment Infrastructure Program and the Water Sector Pre-Investment Program, both in 2019 to finance road projects (Access to the second bridge over the Paraná River) and water and sanitation (Sanitation Sewerage for four intermediate cities).

## IN NUMBERS

### APPROVALS



- Sovereign risk: **864**
- Non-sovereign risk\*: **83**

### DISBURSEMENTS



- Sovereign risk: **627**
- Non-sovereign risk\*: **2**

### PORTFOLIO



- Sovereign risk: **1,046**
- Non-sovereign risk: **42**

\* Includes technical cooperation funds.

## APPROVALS

- 1** Long-Term Loan under the Regional Contingent COVID-19 Emergency Anti-cyclical Relief Credit Line  
Client: Republic of Paraguay  
Amount: USD 350 million
- 2** Program for Improving the Power Transmission and Distribution and Modernization of Distribution Management System  
Client: Administradora Nacional de Electricidad  
Amount: USD 114 million
- 3** Paving Project of the Puerto Indio - Empalme Supercarretera (Itaipú) Road, Department of Alto Paraná  
Client: Republic of Paraguay  
Amount: USD 100 million
- 4** Uncommitted contingent liquidity credit line  
Client: Republic of Paraguay  
Amount: USD 300 million
- 5** Non-revolving and uncommitted line of credit  
Client: National Development Bank  
Amount: USD 50 million
- 6** Revolving uncommitted line of credit  
Client: SAECA Regional Bank  
Amount: USD 20 million
- 7** Revolving uncommitted line of credit  
Client: BANCOP - Bank for Commercialization and Production S.A.  
Amount: USD 9 million



CAF's strategy is to support closing the gap in infrastructure, strengthening institutions, boosting productivity and improvement in access to financing for SMEs, as well as social and environmental issues.



CAF's actions during the year can be classified into two categories: Pandemic response and continued implementation of the CAF strategy.

To support the Government's actions in combating the health and economic effects of COVID-19, rapid implementation measures were taken, such as the approval of non-reimbursable funds for the procurement of medical equipment, the structuring of a committed sovereign risk contingent credit facility to address the effects of the pandemic, as well as the use of credit lines granted to financial institutions to support trade operations and working capital for SMEs, and disbursements to strategic companies in the state for the financing of their operations.

Within the five strategic areas of CAF (efficiency, equity, sustainability, institutions and integration) several operations were developed during the year: sovereign credit operation to improve regional roads with logistical criteria, and lines of credit to address natural and financial contingencies.

This year, non-reimbursable technical cooperation funds financed a total of five operations amounting to USD 2.1 million aimed at enhancing public management, improving urban planning and mobility, digitalizing public and productive sector management, and digitalizing credit processes for small and medium-sized enterprises.

## IN NUMBERS

### APPROVALS



- Sovereign risk: **1,423**
- Non-sovereign risk\*: **1,192**

### DISBURSEMENTS



- Sovereign risk: -
- Non-sovereign risk\*: **695**

### PORTFOLIO



- Sovereign risk: **1,040**
- Non-sovereign risk: **590**

\* Includes technical cooperation funds.

## APPROVALS

- 1 Road Infrastructure Program for Regional Competitiveness - ProRegion 1  
Client: Republic of Peru  
Amount: USD 373 million
- 2 Contingent Support Loan to Address COVID-19 Effects  
Client: Republic of Peru  
Amount: USD 350 million
- 3 Non-revolving, uncommitted, contingent line of credit  
Client: Republic of Peru  
Amount: USD 400 million
- 4 Non-revolving, contingent, uncommitted credit line for natural disaster relief  
Client: Republic of Peru  
Amount: USD 300 million
- 5 Revolving uncommitted line of credit  
Client: Petróleos del Perú - Petroperú S.A.  
Amount: USD 75 million
- 6 Corporate and financial lines of credit  
Client: Several  
Amount: USD 1.11 billion



# T rinidad and Tobago

CAF's strategy in Trinidad and Tobago is focused on the following areas: economic and social infrastructure, especially roads and logistics, water and sanitation, and the environment.



In 2020, CAF's strategy in Trinidad and Tobago focused on underpinning the development of transport infrastructure, building climate change adaptation capacities and promoting the digitalization of education, in order to boost the productive diversification of a country traditionally dependent on its energy revenues. One notable example is the adoption of a broad-focused sectoral program for the development of air, maritime and tourism infrastructure.

In the context of the pandemic, the institution also provided rapid countercyclical and contingent support, both to mitigate the economic impact of the global crisis and to finance emergency expenditures in the health sector.

In this regard, we approved one macro-economic support loan and one for the fight against the pandemic, as part of the regional credit lines that CAF made available to countries. In addition, donations and trainings were offered to medical staff.

In 2020, we financed four operations amounting to USD 792,000 with technical cooperation funds, which aimed, in part, to support government actions in addressing the emergency situation caused by COVID-19, as well as providing advice for the modernization of the low-value payment system to enhance financial inclusion and improvements in education.

## IN NUMBERS

### APPROVALS



- Sovereign risk: **350**
- Non-sovereign risk\*: **1**

### DISBURSEMENTS



- Sovereign risk: **300**
- Non-sovereign risk\*: **1**

### PORTFOLIO



- Sovereign risk: **1,049**
- Non-sovereign risk: **0**

\* Includes technical cooperation funds.

## APPROVALS

- 1 Sectoral Wide Approach Program to the Development of Air and Maritime Transport and Tourism Infrastructure  
Client: Republic of Trinidad and Tobago  
Amount: USD 200 million
- 2 Long-Term Loan under the Regional Contingent COVID-19 Emergency Anti-cyclical Relief Credit Line  
Client: Republic of Trinidad and Tobago  
Amount: USD 100 million
- 3 COVID-19 Health Emergency Loan  
Client: Republic of Trinidad and Tobago  
Amount: USD 50 million





CAF's strategy in Uruguay is focused on the following areas: (1) Macroeconomic stability as a requirement to drive sustainable growth; 2) Logistics and service infrastructure to boost productivity and export development; and (3) Equity, education and training for work.





In 2020, approvals for the sovereign sector include: (i) renewal of the Contingent Liquidity Credit Line for USD 750 million; (ii) the approval of USD 400 million which, under two separate lines of credit, were made available to the National Government to counteract the effects of the COVID-19 pandemic; and (iii) a USD 150 million credit facility for the Expansion and Strengthening of the National Guarantee System ("SIGA"), with the purpose of fostering in a timely and effective manner emergency measures to address the crisis caused by COVID-19, and the subsequent economic revival of the nation's productive fabric.

In relation to the non-sovereign sector, two operations totaling USD 13 million were approved, for two projects for rehabilitation of 225 kilometers of road infrastructure (Road circuits 2 and 7), within the framework of the Facility for Co-fi-

ancing operations (VEFIU), and a credit facility was renewed for Banco Hipotecario del Uruguay ("BHU") for USD 50 million for liquidity operations, with a sub-limit of up to USD 5 million that can be applied to energy efficiency operations.

This year, technical cooperation funds financed five operations totaling USD 868,000 that were earmarked to support the government with the emergency situation caused by the COVID-19 pandemic, as well as the preparation of early detection systems for possible contagion hotspots through wastewater, and other interventions related to road and river transport logistics, among others. Noteworthy is also the allocation of funds from Stage II of the CAF Pre-Investment in the Water Sector Program this year in favor of the Executive Project for the final disposal of the Sludge of the Water Treatment Plant.

## IN NUMBERS

### APPROVALS



- Sovereign risk: **1,300**
- Non-sovereign risk\*: **51**

### DISBURSEMENTS



- Sovereign risk: **67**
- Non-sovereign risk\*: **29**

### PORTFOLIO

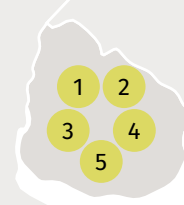


- Sovereign risk: **806**
- Non-sovereign risk\*: **118**

\* Includes technical cooperation funds.

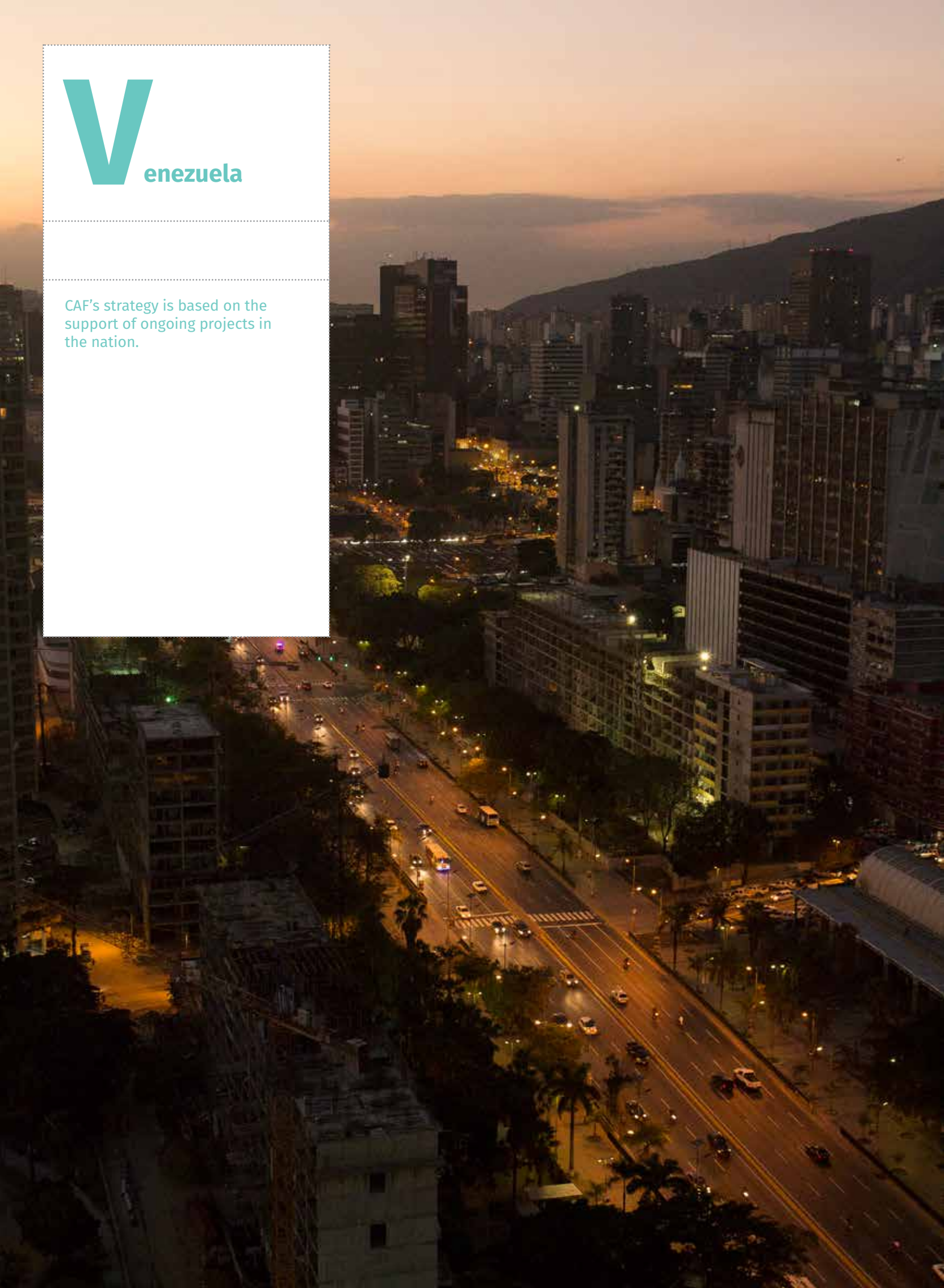
## APPROVALS

- 1 Long-Term Loan under the Regional Contingent COVID-19 Emergency Anticyclical Relief Credit Line  
Client: Eastern Republic of Uruguay  
Amount: USD 350 million
- 2 Program to Support the Eastern Republic of Uruguay in the Emergency Caused by the COVID-19 Pandemic  
Client: Eastern Republic of Uruguay y  
Amount: USD 50 million
- 3 Program for Expansion and Strengthening of the National Guarantee System (SIGA)  
Client: National Development Corporation (CND)  
Amount: USD 150 million
- 4 Non-revolving, uncommitted, contingent line of credit for liquidity  
Client: Eastern Republic of Uruguay  
Amount: USD 750 million
- 5 Revolving uncommitted line of credit  
Client: Banco Hipotecario del Uruguay  
Amount: USD 50 million





CAF's strategy is based on the support of ongoing projects in the nation.



In 2020, CAF continued to support closely ongoing projects in the country, where despite the difficulties arising from the pandemic, including notably the inauguration of the first phase of the Degremont plant, completed and commissioned in March, as part of the rehabilitation project of the Dr. Alejo Zuloaga water treatment plant, located in Valencia, Carabobo state. This action will benefit about 2.5 million people once the project is completed.

Similarly, significant progress was made during the year in training and supporting the staff of nine regional water management companies in the management of a geographical information system implemented with the aim of integrating and viewing operational and commercial data on clean water management in the country.

CAF also played a pivotal role in providing immediate support for the health emergency caused by COVID-19, where USD 750,000 of the USD 1.04 million approved in non-reimbursable technical cooperation funds were earmarked to address the healthcare emergency, in coordination with the Pan American Health Organization. This project aimed to strengthen the response capacity of the Venezuelan health sector to protect the most vulnerable groups from the pandemic.

Furthermore, as part of the corporate strategy to help boost productivity in the region, contacts were made and meetings were held with key members of the agro-industrial sector in the nation, including other development agencies, binational chambers of commerce, trade unions and associations. This helped us identify the main needs and opportunities in the sector to prioritize the development of productive chains with a high impact not only on the development of the country but also on productive activity on the border with Colombia.

During this year, technical cooperation funds financed five operations totaling USD 1.04 million, which were earmarked for the most part to finance—through international agencies—COVID-19 pandemic containment programs, in addition to initiatives seeking to improve the productive quality of SMEs.

Lastly, in the field of social development, in coordination with UNICEF, funds were allotted for nutritional improvement of children and adolescents through the rehabilitation and optimization of basic water, sanitation and hygiene services.

## IN NUMBERS

### APPROVALS



- Sovereign risk: -
- Non-sovereign risk\*: 1

### DISBURSEMENTS



- Sovereign risk: -
- Non-sovereign risk\*: 1

### PORTFOLIO



- Sovereign risk: 3,200
- Non-sovereign risk: -

\* Includes technical cooperation funds.



## Other shareholder countries

### IN NUMBERS

#### APPROVALS



■ Sovereign risk: **1,450**

■ Non-sovereign risk\*: **850**

#### DISBURSEMENTS



■ Sovereign risk: **1,854**

■ Non-sovereign risk\*: **1,149**

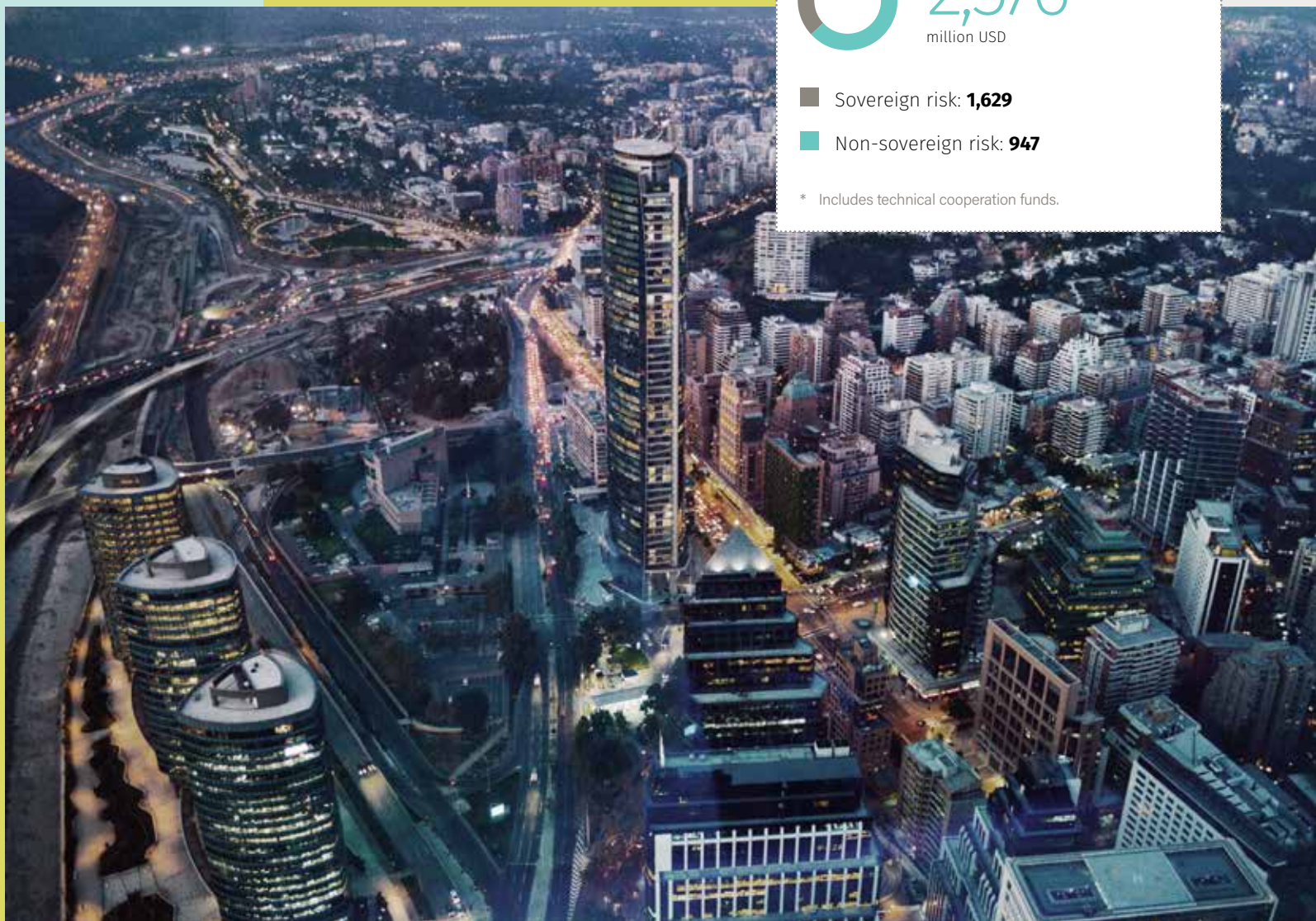
#### PORTFOLIO



■ Sovereign risk: **1,629**

■ Non-sovereign risk: **947**

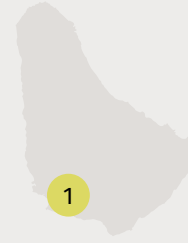
\* Includes technical cooperation funds.



## Barbados

CAF supported Barbados in the structuring and implementation of investment programs for the construction and revamping of water and sanitation infrastructure and road resurfacing. It also provided technical and financial assistance for the strengthening of the tax authority in an effort to enhance tax collection systems.

In response to the emergency caused by COVID-19, CAF approved a USD 100 million support program for the purpose of providing macroeconomic relief against the external shock caused by the sharp fall in tourist arrivals. This is the largest loan granted to the country since it joined CAF in 2015.



### APPROVALS

- 1 COVID-19 Pandemic Emergency Relief Program  
Client: Barbados  
Amount: USD 100 million

## Chile

In 2020, faced with pandemic-related uncertainty in financial markets, CAF bolstered its support for Chile's banking sector. Throughout the year, we renewed lines of credit and earmarked funds primarily to underpin SMEs in the nation and to strengthen exports.

Similarly, significant progress has been made with the implementation of the project awarded to Atacama Solar, for the construction, operation and maintenance of a photovoltaic solar farm in northern Chile.

Under the CAF-PPI Infrastructure Pre-investment Program, CAF advanced the implementation of technical cooperation approved in 2019 by USD 3 million to finance the technical, legal and economic feasibility studies of the Submarine Cable Integration Project: Asia-South America Digital Gateway. This Project aims at the deployment of infrastructure that connects South America, through Chile, with Oceania and Asia, promoting a digital integration system for the region. The project is aligned with CAF's priorities and guidelines for the integration infrastructure sector and within the framework of its Digital Agenda, as this route represents an extraordinary opportunity to improve quality and cut down costs for digital interconnection between the two regions. As a result of CAF's support, the Undersecretariat for Telecommunications has feasibility studies that have enabled the Chilean government to initiate efforts to attract partners and funders for the project.

In the last quarter of the year, CAF approved non-reimbursable technical cooperation in favor of Chile's Undersec-

retariat for Regional and Administrative Development (SUBDERE), amounting to USD 80,000, with the aim of supporting the identification, generation and implementation of digital technologies (ICTs) and open data to strengthen the decentralized public management of the nation's regional governments.



### APPROVALS

- 1 Revolving uncommitted line of credit  
Client: Banco del Estado de Chile  
Amount: USD 100 million
- 2 Financial credit lines  
Client: Several  
Amount: USD 470 million

## Costa Rica

During 2020 we continued to make progress in all the necessary actions for Costa Rica's accession as a CAF member. This accession will deepen CAF's relationship with the Central American nation and expand financing opportunities, both for the public and private sectors, as well as the possibilities of support through non-reimbursable technical cooperation funds.

As part of the aid for the healthcare emergency caused by COVID-19, CAF has approved two long-term loans totaling USD 550 million.

The first, approved in July 2020 for USD 50 million, to finance the healthcare emergency in Costa Rica. The objective of this operation is to build the response capacity of the nation to address the health emergency caused by the pandemic through direct financial resources and the refund of expenses and investments arising from the execution of works, the purchase and supply of goods and services and the purchase of supplies aimed at reducing risk or mitigating the impact on the health of the population nationwide. This operation is part of the Regional Contingent Credit Line for extreme weather events, earthquakes, polluting accidents and epidemics in the region.

The second, approved in December 2020, is a freely available, rapid disbursement sovereign risk loan for USD 500 million, to support the fiscal management of the Costa Rican government and help promote the availability and timely implementation of public funds, enhancing the countercyclical effect of fiscal policy through the temporary introduction of extraordinary measures to address the economic and social impacts caused by the COVID-19 pandemic in the country.

A USD 147,000 facility was also approved with non-reimbursable technical cooperation funds for an operation aimed at the implementation of adaptive management and restoration actions for the Cocos Island National Park.



### APPROVALS

- 1 COVID-19 Pandemic Emergency Relief Program**  
Client: Republic of Costa Rica  
Amount: USD 500 million
- 2 COVID-19 Emergency Loan**  
Client: Republic of Costa Rica  
Amount: USD 50 million
- 3 Revolving uncommitted line of credit**  
Client: Banco Improsa S.A.  
Amount: USD 15 million

## Spain

During 2020, two technical cooperation operations were approved for USD 650,000, part of which were used to finance—through executing entities—aid programs for vulnerable groups during the COVID-19 pandemic, as well as the support of initiatives for the adaptation of online education in public schools.

Noteworthy is the humanitarian aid provided during the COVID-19 emergency through a technical cooperation worth USD 400,000 that helped the Ayuda en Acción and Caritas Española foundations, and the Red Cross in their support programs to meet the basic health, accommodation and food needs of approximately 160,000 people in a situation of vulnerability due to the pandemic.

In addition, another USD 250,000 in technical cooperation was approved for the Ayuda en Acción's Resilient Digital Schools Project that seeks to boost digital resilience

of public schools ensuring the continuity of educational processes regardless of whether they are face-to-face, remote or a mixed modality through a replicable and scalable model.

This year, we held the 3rd CAF Annual Conference "Europe-Latin America Relations"; the 6th Latin America-Spain Water Dialogues, the CAF-Bank of Spain Forums on Economic Outlook; and Futuro en Español, among other events that helped promote and exchange of knowledge of interest for the development of the region.

Regarding knowledge, together with the Ibero-American Business Foundation and the Euroamerica Foundation, we published the report Latin America: An Agenda for Recovery, which puts forward economic policy recommendations to address the current situation.

At the institutional level, we consolidated the relationship with the National Public Administration Institute and the Institute of Fiscal Studies with the signing of MoUs.





## Mexico

At the 170th meeting of the CAF Board, held online, we formally approved to have Mexico move forward in its process of accession as a full member of the institution, after the signing of the Share Subscription Agreement between the executive president, Luis Carranza Ugarte, and the Secretary of Finance and Public Credit, Arturo Herrera Gutiérrez, on November 5 in Mexico City.

Also, in 2020, we signed the first flexible amortized loan agreement with the Ministry of Finance and Public Credit, which enables disbursement of the first USD 300 million policy-based loan.

Similarly, the lines of credit in favor of Banco Nacional de Comercio Exterior (BANCO-MEXT) and Nacional Financiera (NAFIN) were renewed to fund strategic projects of Mexican SMEs. In the context of the pandemic crisis, CAF provided timely financial support to the sector through development banks and other public funds, for USD 1 billion. This institutional alliance responded immediately to the diverse needs of the productive sectors and financial markets, which demanded support at this juncture in an effort to minimize the impact of COVID-19.

This past year, technical cooperation funds underpinned six operations totaling USD 1.65 million, a large portion of which was earmarked to support improvements in government regulation, support in the strategic framework of the Tehuantepec Isthmus Corridor project, design of Mexico City's digital connectivity models, as well as support for the fight against the COVID-19 pandemic, among others.



## APPROVALS

- 1** Revolving uncommitted line of credit  
Client: National Financial S.N.C.  
Amount: USD 300 million
- 2** Revolving uncommitted line of credit  
Client: Banco Nacional de Comercio Exterior Bancomext S.N.C.  
Amount: USD 200 million
- 3** FIDE Program: Investment in Innovative Companies and Ventures with Impact in Response to COVID-19  
Client: Tripi Connected Tech Inc  
Amount: USD 0.5 million
- 4** FIDE Program: Investment in Innovative Companies and Ventures with Impact in Response to COVID-19  
Client: Social Diabetes S.L.  
Amount: USD 0.5 million
- 5** FIDE Program: Investment in Innovative Companies and Ventures with Impact in Response to COVID-19  
Clients: Cívica Digital Mexico S.A.P.I.  
Amount: USD 0.3 million
- 6** FIDE Program: Investment in Innovative Companies and Ventures with Impact in Response to COVID-19  
Clients: Onesmart Technology SA de CV  
Amount: USD 0.3 million

## Portugal

During 2020, CAF implemented technical cooperation to support the emergency situation caused by COVID-19 in Portugal, delivering USD 200,000 to Federação Portuguesa dos Bancos Alimentares Contra a Fome (FPBA) to cover part of the Rede de Emergência Alimentar program, which serves vulnerable groups hit by the pandemic. With CAF support 293,500 kg of foodstuffs were purchased, which benefited more than 100,000 people in need.

In addition, we reinforced the relationship with Instituto para a Promoção da América Latina e Caraíbas (IPDAL) by

signing a Memorandum of Understanding to promote the relationship between Portugal and Latin America. As part of this alliance, CAF sponsored and participated in the 9th "Strategic Triangular Meeting: Latin America – Europe – Africa." Similarly, IPDAL was CAF's partner in Portugal for the second edition of the "Ideas for the Future" University Essay Competition.

Lastly, a USD 165,000 technical cooperation facility was approved to support the institutional strengthening of Sociedade para o Financiamento do Desenvolvimento (SOFID).



## Dominican Republic

In 2020, great internal administrative progress was made for the accession of the Dominican Republic as a CAF member country. In the coming months, we expect to resume the formal negotiation process with the new authorities to further deepen the relationship with the Caribbean country.

As part of CAF's strategy to support countries in the face of the health emergency caused by the pandemic, and as part of the COVID-19 Regional Contingent Countercyclical Emergency Credit Line in August 2020, CAF approved a USD 300 million long-term sovereign risk loan to support the Dominican Republic with free and rapid disbursement funds in the Dominican Republic to address the emergency caused by the pandemic, assisting and complementing the fiscal measures that the national government is implementing to mitigate economic, financial and social impacts.

This strategy was complemented by the approval of humanitarian aid non-reimbursable technical cooperation in favor of the Ministry of Economy, Planning and Development (MEPyD), and implemented by the Emergency Operations Committee (COE), amounting to USD 400,000, to support the nation during the emergency caused by COVID-19.



### APPROVALS

- 1 COVID-19 Pandemic Emergency Relief Program**  
Client: Dominican Republic  
Amount: USD 300 million



## Other activities in Europe

In 2020, CAF and the European Investment Bank (EIB) signed a Co-Financing Collaboration Framework agreement for European support for Latin America and the Caribbean to alleviate the damage caused by the COVID-19 pandemic and encourage post-pandemic economic recovery. The Agreement provides a USD 500 million co-financing framework for sectors such as transport, energy, water and sanitation, urban development, health, education and financial intermediation for SMEs, among other strategic sectors for both institutions.

In Italy, despite the mobility restrictions imposed in Europe, progress was made in 2020 in the negotiations with the Italian government for the possible accession

of Italy to CAF, through two institutional visits in February and November, and we strengthened our relations with Cassa Depositi e Prestiti.

In the UK, we deepened our relations with Chatham House and Canning House through CAF sponsorship and participation at the "CAF- Chatham House Conference on Latin America" and the meeting "Sustainable Development: Cities & Water," respectively.

In France, CAF's participation in Proparco's capital increase was finalized.

## Multinational

### APPROVALS

- 1** Revolving uncommitted line of credit  
Client: Banco Latinoamericano de Comercio Exterior S.A. - Bladex  
Amount: USD 150 million
- 2** Revolving uncommitted line of credit  
Client: Fondo Financiero para el Desarrollo de la Cuenca del Plata - Fonplata  
Amount: USD 75 million
- 3** Revolving committed line of credit  
Client: Corporación Interamericana para el Financiamiento de Infraestructura S.A.  
Amount: USD 15 million
- 4** Increased Equity Investment  
Client: Societé de Promotion et de Participation pour la Coopération Economique (Proparco).  
Amount: USD 12 million



# 2020

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## Comprehensive development agenda

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- 90 Sustainability
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CAF's Comprehensive Development Agenda aims to achieve greater focus of the institution's activities on the issues most relevant to the sustainable development and integration of Latin America and the Caribbean, through the provision of financial instruments and knowledge services. This agenda seeks to promote Latin American growth to bridge productivity gaps with respect to high-income economies within an environmental sustainability framework. This is based on the design of initiatives that promote higher levels of human development and financial inclusion, enhance the management capacity of public institutions, encourage regional integration and foster discussion forums and consensus among countries in the region.



To this end, we have defined five strategic areas that address the main challenges of the region, as a platform to set corporate goals that can guide CAF's efforts to achieve sustainable development and integration of the region:

#### Efficiency

Pushing forward the pact for productivity and productive and efficient infrastructure development in Latin America to boost competitiveness and regional integration. Assisting in the enhancing of the financial sector in Latin America.

#### Equality

Promoting equitable, solidarity-based human and social development in Latin America based on comprehensive interventions, as well as the development of inclusive and equitable financial systems in Latin America.

#### Sustainability

Promoting the development of green and climate-resilient economies in Latin American countries and strengthening the region's responsiveness to external events with macro-economic impact.

#### Institutions

Promoting the strengthening of Latin American institutions to contribute to the modernization and transparency of the State. Building capacities of public management to improve its efficiency.

#### Integration

Promoting the physical, logistical, energy and financial integration of the countries of the region, in an attempt to help them tap competitively into global markets.

**E**fficiency



## Private Sector

In 2020, CAF consolidated the transition of the Private Sector strategy and made key adjustments based on the crisis situation arising from the COVID-19 pandemic. Thus, in line with the efficiency and equality pillars of the corporate strategy, CAF's most relevant actions for the private sector were reaffirmed. Thus, CAF's private sector reached more than 25,500 SMEs and more than 184,000 micro-entrepreneurs through interventions with financial institutions.

Comprehensive  
development  
agenda

With the aim of fostering more productive and resilient SMEs, we encourage the development of financing and non-financial products that drive productivity and competitiveness, with an emphasis on internationalization, innovation and productive integration, as well as the incorporation of environmentally and socially sustainable practices (gender, energy efficiency, green business, digital transformation, etc.). In 2020, the private sector portfolio for this purpose reached 32%.

In the context of COVID-19, CAF approved the Regional Program to Support Local Development Banks for USD 1.6 billion to contribute in a timely and effective manner with emergency measures to address the COVID-19 crisis and to support the economic recovery of shareholder countries. Funds are earmarked for

funding of programs to help vulnerable residents address the emergency and support for companies in affected strategic sectors, with a special emphasis on the value chain of the health sector and on the productive recovery of SMEs.

Also, we approved the Investment in Innovative Business Ventures with an Impact on COVID-19 Response Program, which seeks to support innovative ventures and companies that work on improving healthcare-related responsiveness and monitoring in the public and private sectors, optimize the commitment and improve the social and economic impact of measures taken by governments.

On the other hand, CAF continues to further the participation and contribution of the private sector to the development of infrastructure projects with the support of governments through the application of financial solutions and by attracting institutional investment to the region through specific instruments and guarantees. One example is the implementation of the first non-sovereign catalytic operation in Latin America through the Green Climate Fund (GCF), Atacama Solar, which brings the GCF as co-financier for USD 39 million, enabling CAF to contribute to the reduction of greenhouse gas emissions and improve its capacity to address climate change.

With regard to financial inclusion, efforts were advanced to improve access, use and quality of financial products through the design, dissemination and implementation of strategies and instruments for the

placement of financial resources with support for capacity building in people, companies, financial brokers and public and private institutions.

Also noteworthy is the approval of a Regional Anti-cyclical Support Program for Microfinance agencies and support to several such entities across the region for the development of beneficial digital business models that reduce costs and increase efficiency.



# Transport, Integration, Logistics, Communications and Energy Infrastructure Agenda

Following the impacts of the COVID-19 pandemic, the CAF Infrastructure Agenda seeks to help improve the delivery, quality, functionality, digitalization and integration of strategic, sustainable and resilient infrastructure to stimulate more productive, connected, more competitive economies and societies, with access to public services, in a more articulated region and within each of the countries, achieving balanced territorial development and insertion into global markets.

During this past year, the signing of a Memorandum of Understanding was promoted with the World Road Association (PIARC) that will further joint actions, especially in the areas of road asset management and resilience.

In addition, distance learning was used in the road sector with the third edition of the MOOC "Construction of Sustainable Roads: How to Prevent and Solve Damage to Flexible Pavements."

Cognizant of the fact that Latin America accounts for 10% of the world's GHG emissions, we co-developed the regional initiative called E-MOCION - electric mobility and low carbon transport, for 10 countries (Argentina, Brazil, Colombia, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru and Uruguay), which seeks to promote a large-scale transition to electric mobility in the region in a joint effort with AFD, KfW and GLZ. In addition to this initiative, 2020 saw the completion of the Electric Buses pilot project in the public transport system in the city of Buenos Aires.

In 2020, the Urban Logistics Strategy (CAF LOGUS) was consolidated

with the completion of Phase I and the publication of the strategy and the best practices guide, in addition to approving the technical cooperation funds for the development of Phase II.

Notable examples of our support to countries in improving urban mobility include the development and revision of the Gender and Mobility Plan for Buenos Aires (Argentina), the technical, legal and financial structuring of phases 1A and 1B of the BRT in Santa Cruz de la Sierra (Bolivia); in Brazil, the feasibility study of the Niteroi VLT; in Paraguay, the feasibility study of the Asunción - Luque railroad; the feasibility study of the Revolución corridor in Mexico City and the completion of the pre-investment study for the first phase of Piura's integrated transport system (Peru).

On the Energy sector, we are conducting a study on Energy Integration in Latin America. This is part of a 2040 Development Vision where we analyze interconnections and their technical/economic viability between Peru and Ecuador, Ecuador and Colombia, Panama and Costa Rica.





In terms of quality information infrastructure, CAF's Digital Agenda 2020 fosters critical initiatives in response to the health crisis and the need to contribute to public policies for economic revival.

In Argentina, we approved the financing of various programs for the universalization of internet access and digital educational transformation.

In addition, CAF continues to further initiatives for the deployment of digital infrastructures in schools and municipalities that ensure better management, public services and city information by local authorities, including notably the Salvador Proquali urban requalification program, which will enable the municipality to consolidate as one of the first in the world to adhere to Smart Cities' new ISO standard; in Mexico City, funding studies for the design of a Connectivity Model for the city; the Municipal Infrastructure Development Program in Argentina, which includes models of community network connectivity in low-income neighborhoods and the development of an Smart City Platform for Piura in Peru. In Bolivia, we supported the design of an Integral Digital Transformation and Inclusion Program in 2021, and in Chile, the development of the "Digitalization Strategy for strengthening the decentralized public management of Chile's Regional Governments."







In an attempt to boost productivity of economies, we launched the Regional Strategy for the Digital Transformation of Productive Sectors, with a practical application to the digitalization of the agro-industrial chain of the Ica Valley in Peru.

In terms of knowledge, we completed the update of the CAF 2020 Digital Ecosystem Observatory and started the study for the development of 5G networks in Latin America.

The Regional Infrastructure Pre-Investment Program (CAF-PPI) continued its implementation with the approval of operations in Argentina for Priority Development Programs in Northern Argentina; Panama and Colombia for Binational Power Interconnection; Paraguay for Access to the second International Bridge over the Paraná River; in Brazil, for the Western Railway Network. In addition, progress was made in the implementation of the Chile-Asia/Pacific submarine cable projects; Panama Digital Hub; and Transchaco Corridor Route 9 in Paraguay.

Within the framework of the Strategic Program of Logistics Integration Corridors (CLI), we started the application of the CAF-CLI methodology in Mexico to analyze the Integration Corridor of the Isthmus of Tehuantepec, with a vision of territorial activity in the Integral Development Areas (ADI) that seeks to take simultaneous multi-sectoral development (transport, energy, telecommunications, water) and multidimensional (hardware-software-orgware) actions.

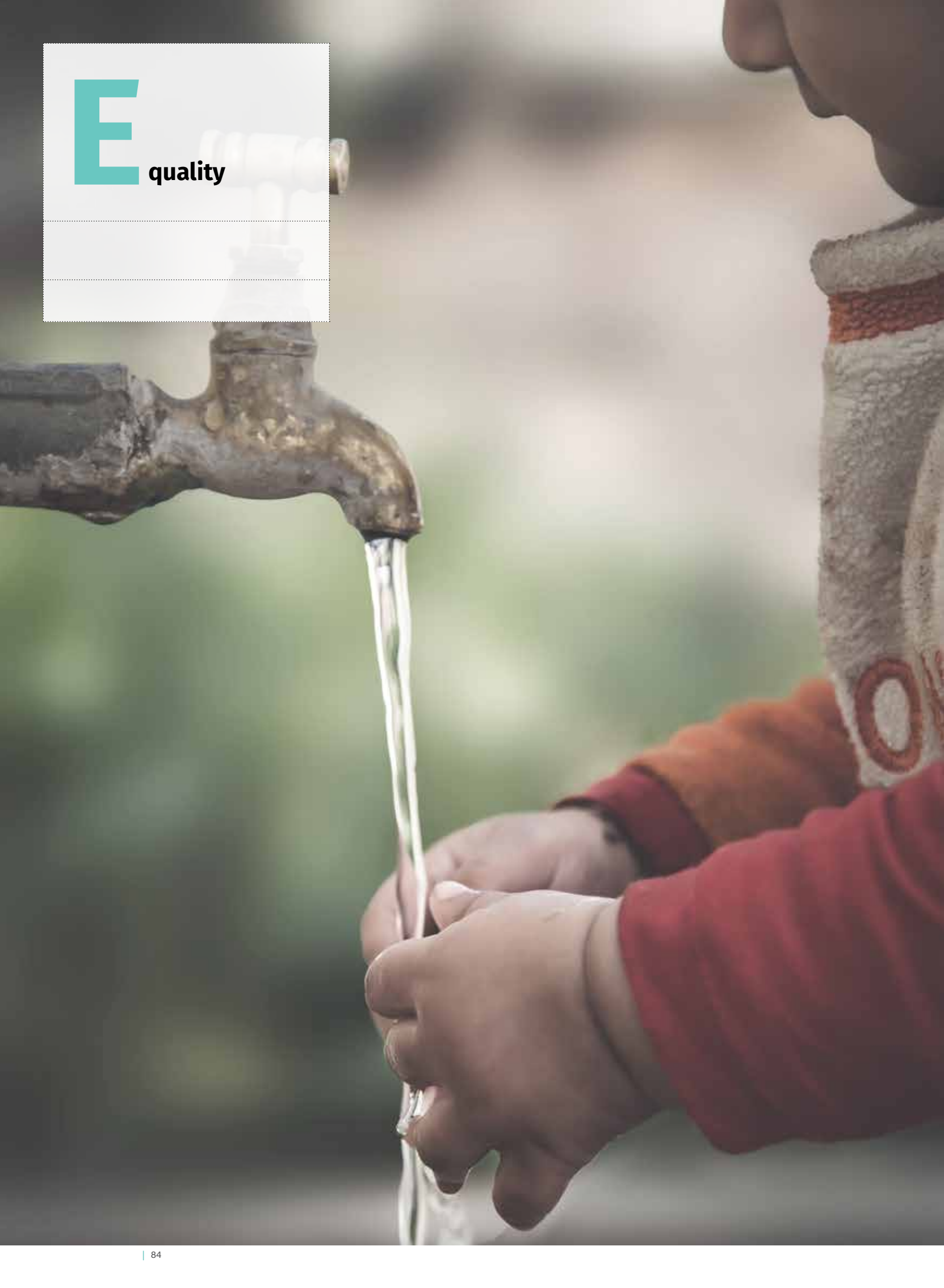
Institutionally, the Alliance for the Integration and Development of Latin America and the Caribbean (ILAT) was formalized between the IDB, CAF and FONPLATA by signing a Memorandum of Understanding with the aim of advancing the progress made during the past 20 years of joint work, supporting countries in the region on infrastructure projects and integration initiatives.

In order to improve the performance of national logistics systems, we support toll integration in Colombia and Ecuador; development of the virtual freight exchange in Peru; preparation of the Logistics Roadmap for the Galapagos in Ecuador; design and formation of the Panama Logistics Cluster; structuring the Coffee Region Airport in Colombia and feasibility study of the Logistics Platform in Barrancabermeja in Colombia.

With regard to institutional strengthening, we developed the first edition of the CAF Diploma in PPP for public officials.

WE COMPLETED THE UPDATE OF THE CAF 2020 DIGITAL ECOSYSTEM OBSERVATORY AND STARTED THE STUDY FOR THE DEVELOPMENT OF 5G NETWORKS IN LATIN AMERICA.

**E** quality



Within the strategic area of equality, CAF promotes actions within five fundamental axes: (i) water; (ii) education; (iii) urban development; (iv) health and nutrition; and (v) social inclusion and gender equity. To this end, it offers comprehensive project financing mechanisms and investment programs, specialized technical assistance and applied knowledge management.

## Water

CAF's water strategy is based on the concept of water safety through five objectives: (i) safe, efficient and sustainable access to water and sanitation to water services; (ii) reduction of water pollution and preservation of ecosystems; (iii) efficient and affordable access to rural irrigation services for family farming; (iv) multi-sectoral water development for agribusiness and other productive uses; and (v) improving sustainable water governance and management.

In 2020, USD 261 million in investment projects were approved in Brazil, Ecuador and Trinidad and Tobago, benefiting 700,000 people. A Liquidity Facility was also approved to support the financial recovery of water management companies for USD 200 million.

In addition, eight studies were approved for USD 5.24 million in phases 1 and 2 of the Water Sector Pre-investment Program (PPSA), for a total investment of USD 386 million, set to benefit 4.4 million people. Similarly, Phase 3 of the PPSA was launched with a USD 5 million allotment that will fund additional engineering studies.

As part of the international agenda, we participated in more than 20 online events on water and climate resilience; water-associated disaster management; innovative schemes for project financing; wastewater monitoring for COVID-19 detection; the value of water, among others.

## Education

CAF continued to implement the axes of the Education Agenda 2017–2022: (i) Increase access to education; (ii) improve the quality of education at all levels; and (iii) strengthen the relevance of education.

This year, CAF approved the USD 75 million *Vuelta al Aula* investment project in Argentina, plus a USD 35 million educational improvement component for Santa Fe + *Conecta-da* project, benefiting 35,000 teachers and 77,000 students with access to new or improved school facilities and tools for better use of technology in learning.

In addition, technical cooperation actions were approved for the design of educational strategies during and after the closure of schools due to the pandemic, as well as for enhanced execution of investment projects. These include notably the signing of a memorandum of understanding with the ILO for training in work skills, the school-work transition and the design of skills certification systems.

In response to the impact of the pandemic, CAF promoted dialogues to address COVID-19 challenges: Continued learning, reopening schools, and using technology as a key tool for hybrid teaching models.



## Urban development

CAF's strategy in cities is aimed at helping raise Latin America's levels of inclusion and productivity. This year the urban development agenda approved a USD 100 million comprehensive urban intervention program in municipalities in Argentina, which is set to benefit 150,000 residents and provided technical advice and cross-cutting support in the structuring of seven operations in cities. In technical cooperation, funds were approved for cities in Colombia, Ecuador, Peru and Uruguay. Specialized workshops were held, reaching more than 200 national and municipal officials from Argentina, Colombia, Ecuador and Uruguay, and CAF participated in 12 international events.

In response to the needs identified in the pandemic, CAF together with the Resilient Cities Network promoted organized seven exchange sessions between municipal and national officials in 20 cities and nine countries in the region. In addition, we organized the COVID-19 Ideas Competition: New opportunities for sustainable cities, with more than 300 proposals from 20 countries.

## Health and Nutrition

CAF helps reduce the prevalence of chronic malnutrition and micronutrient deficiencies in early childhood by: (i) promoting health, favorable environment and food security; (ii) better provision and management of public services and (iii) institutional capacity building.

In the context of the COVID-19 pandemic, CAF provided a contingent line of credit for health systems in the region for more than USD 300 million, as well as humanitarian aid and technical cooperation funds to address the direct and indirect effects of the pandemic.

In addition, CAF approved USD 150 million for the Program to Reduce Chronic Malnutrition in Ecuador, through the implementation of the outcome budgeting strategy, and the Program to Support Argentina's National Plan against Hunger for USD 300 million, which will help expand the coverage and efficiency of the existing program, benefiting more than three million children and mothers. Training and outreach events and partnerships with WFP and PAHO were also held.

CAF PROVIDED A CONTINGENT LINE OF CREDIT FOR THE REGION'S HEALTH SYSTEMS FOR USD 300 MILLION TO ADDRESS THE EFFECTS OF THE PANDEMIC.





## Social Inclusion and gender equity

CAF promotes the principle of equal opportunities and empowerment of women with a cross-cutting approach in their operations and activities. In 2020, seven financing operations were approved to integrate social inclusion and gender considerations for education, urban infrastructure, nutrition and green financing. In addition, capacity-building activities were developed for public sector institutions in Argentina, Bolivia, Ecuador, Panama and Peru, as well as training sessions with the participation of more than 400 people. Practical tools were also developed to improve policies for the prevention, response and reparation of violence against women and girls; in addition, there is an increasingly urgent need to develop knowledge products in education, financial inclusion, green financing and nutrition.

Other notable examples include the approval of technical cooperation actions for the inclusion of gender as a cross-cutting issue in the process of monitoring and oversight of organizations in Ecuador's people's and solidarity-based economy, and for the implementation of a study based on experimental economics to identify gender gaps in the credit market in Colombia.



CAF continued to generate practical knowledge in 2020 through the consolidation and testing of models with the potential to become useful solutions to social challenges of vulnerable groups.

In the **ecosystem approach**, we can highlight the following partnerships: with Grupo Once and Ilusión, we prepared the training contents of the second workshop on inclusive mobility, social innovation and disability. Movimiento B in Latin America positioned itself as the fastest growing region of B companies, with more than 650 certified businesses. URSULA consolidated the Union of University Social Responsibility (RSU) with more than 180 universities in the region while disseminating the study on Social Innovation, Public Policy and RSU. With the Paraguaya Foundation we continued the expansion of the Stoplight for Elimination of Poverty in Panama, Ecuador and Colombia. In partnership with Ashoka, we supported entrepreneurs from the region, in order to strengthen the impact of their business models, a training that ended with the dissemination of lessons learned. With the Compromiso y Transparencia Foundation, we retargeted the competition of the 10 most innovative initiatives in Latin America towards innovative and replicable solutions, aimed at mitigating the effects of COVID-19 on the most vulnerable groups in the region.

With the help of EHAS, we developed a capacity building platform for online training in the diagnosis of acute respiratory infections, with doctors and nurses working in Latin American rural areas. Also, with the Telmed Foundation, we promoted the use of chest tele-x-ray and CT scans.

Through **territorial approach**, we built capacities and created opportunities for social inclusion of vulnerable groups: the results of the social innovation project Connectivity and Health were presented in the Peruvian Amazon, an embryo of the Internet for All program; a replicate of the model was explored in La Sierra. We completed the implementation of the model of optimization of water systems and capacity building of the population and local public stakeholders in Peruvian rural areas. In Paraguay's Chaco region, we consolidated a community business model of beekeeping production, replicable in areas of influence of the Trans-Chaco route.

The Manos que Salvan Vidas project was completed in Colombia and Mexico. Also noteworthy is the training in both countries of women assistant examiners, and clinical studies carried out to demonstrate the effectiveness of the model.

IN PARTNERSHIP WITH ASHOKA,  
ENTREPRENEURS FROM THE REGION  
RECEIVED SUPPORT TO STRENGTHEN THE  
IMPACT OF THEIR BUSINESS MODELS.



The Creative Environments Program for high-risk youth in Argentina was reinforced through online training for teachers, advancing their systematization and exploring replication in the provinces of Corrientes and Jujuy. With Caritas Argentina, an additional 50 neighborhood centers were created, offering digital training for leaders in more than 20 provinces, documenting the experience.

Three models were reinforced in the circular economy: two in Colombia: one with the exchange of food and water for solid waste in Wayúu communities in La Guajira for the hygiene and nutrition of these groups; and the other, with a view to improving vulnerable housing, using solid waste for the manufacture of building blocks. The third, in partnership with Uruguay's EEM, focuses on energy efficiency of vulnerable households, with potential for replication and scaling. UMANA, a community health model, served 90,000 users, leveraged with a network pharmacies, optician's offices, laboratories and professionals in more than 50 specialties in Salta, Jujuy and Tucumán. This year, meetings were held in Cordoba to replicate this effort.

In partnership with Fundefir, a food fund was established that provided more than 300 credits for food purchase and activation of small businesses. Training was also provided to strengthen literacy and digital transformation in Ecuadorian SMEs and with groups of disabled persons in Colombia.





An aerial photograph of a rugged coastline. The land is composed of reddish-brown, layered rock formations that drop steeply into the sea. The water is a vibrant turquoise color, with white foam from waves crashing against the base of the cliffs. The sky is not visible, as the image is dominated by the land and sea.

**S**ustainability

CAF Green Agenda seeks to promote sustainable productive transformation, green infrastructure in shareholder countries, migration to low carbon and climate change resilient economies, while promoting the institution's contribution to sustainable use of natural resources and social inclusion. Also, thanks to its high standards of environmental and social performance, CAF was accredited as a project implementing agency by the Green Climate Fund (GCF), Global Environment Fund (GEF) and the Adaptation Fund (AF).

Comprehensive  
development  
agenda

In the area of natural capital management, CAF continues to build countries' capacities for the conservation and sustainable use of their biodiversity and forests to achieve a greener economy through a programmatic approach to strategic ecosystems in the region. During 2020, funding for USD 138 million of green infrastructure was channeled to cities; USD 280 million in lines of credit for financial institutions for sustainable productive business models and USD 32 million for planning, pilot and pre-investment projects in the La Plata Basin, the Guarani Aquifer, the Andes ecosystems, the Amazon and the Caribbean, benefitting 82,420 people on 161,017 hectares.

In addition, 42 financial institutions were trained in environmental standards and the guides and manuals were prepared for the credit line in green businesses and energy efficiencies to serve small, medium and large entrepreneurs in sustainable production systems in Argentina, Bolivia, Colombia, Ecuador, Mexico, Panama, Paraguay, Peru and Uruguay.

In the field of climate change, the Green Financing Program for Local Financial Institutions (LFIs) was approved for a total of USD 145 million, with co-financing from the Green Climate Fund of USD 95 million and from CAF of USD 50 million. The program seeks to support SMEs in the region in financing climate change projects through lines of credit to local financial institutions. Similarly, the program includes non-reimbursable funds for USD 5.2 million for capacity building of LFIs and SMEs on climate change.

Within the framework of the LAIF Facility for Performance-Based Climate Financing, the Cogeneration project from biogas from the Alpina industrial wastewater treatment plant in Colombia was approved, which can receive up to EUR 689,840 for the reduction of greenhouse gas emissions.

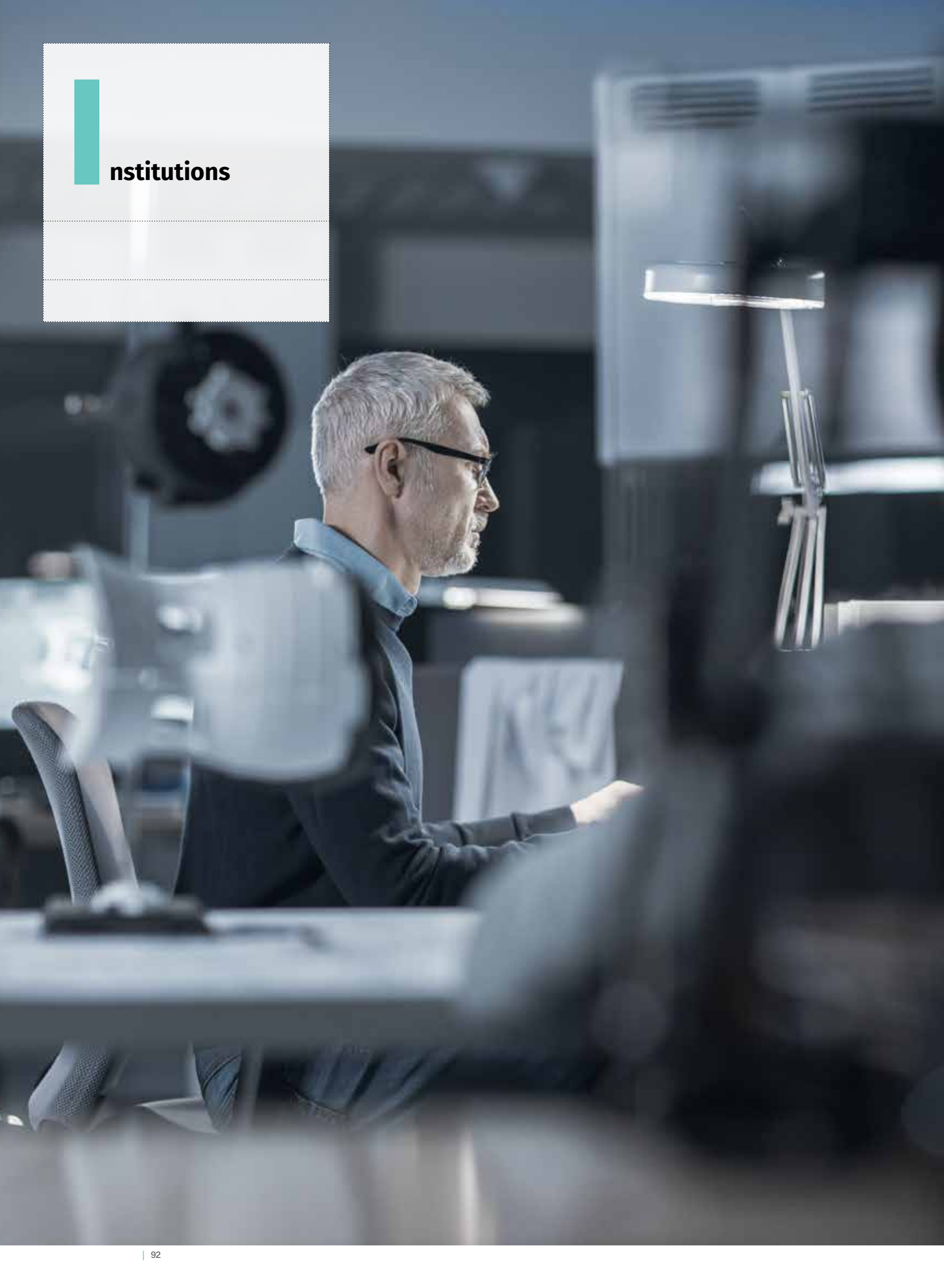
Under another LAIF pre-investment initiative in urban projects with climate co-benefits, climate diagnostic studies were carried out in five cities in the region, totaling EUR 695,800, as well as two pre-investment studies of projects with climate co-benefits totaling EUR 471,000.

In the area of internal environmental management, CAF continues to strengthen its CAF Internal Environmental Management System (SIGA), through training to all roles, improving the tool for carbon footprint management. Noteworthy is the implementation of the 2019 carbon footprint offset process for 10,810 tons of carbon dioxide equivalent through the REED + Jari Pará Project in Brazil, which allows CAF to remain a neutral carbon organization.





# nstitutions



# Digital transformation to strengthen institutions and improve lives

CAF promotes public innovation through digital solutions to improve public policies and enhance public management. This drives improvements in the quality, efficiency and integrity of government services offered to citizens, fosters modernization of the state and institutional strengthening supported by new technologies and data intelligence. The purpose is to achieve more agile, open and digital states.

Comprehensive development agenda

In 2020, CAF focused on the following issues: (i) digital governance and public innovation; (ii) leveraging new technologies and data intelligence in the public sector; (iii) regulatory improvement and administrative streamlining; (iv) transparency and public integrity mechanisms; and (v) smart cities and digital municipalities.

The actions implemented placed the institution on the regional sectoral agenda of the digital transformation of the State and fostered dialogue with partner governments and multilateral agencies. This helped identify technical and financial support opportunities, in which the institution offers added value and comparative advantages. Thus, CAF provided three credit operations totaling USD 330 million: (i) financing of municipal investment in Argentina (USD 200 million); (ii) the Tres Lagoas Macro Dredging and Environmental Recovery Program in Brazil (USD 50 million)

and (iii) the Urban Sanitation and Infrastructure Program in the Municipality of Juazeiro do Norte in Brazil (USD 80 million). Three other digital transformation operations are in the design phase, with Panama, Trinidad and Tobago, Mexico and Colombia. We also supported eight countries with sectoral advice and technical assistance, both at the national and sub-national levels.

In addition, 12 technical cooperation facilities were approved to support eight countries in advancing digital transformation of the State. Similarly, several online events were organized, including Panama's CAF-AIG dialogue, Digital Resilience in times of COVID-19 to raise awareness of the need to strengthen digital resilience and accelerate digital transformation; The Great Digital Acceleration in Ibero-America: How to put the state in startup mode for recovery?, organized together with the Presidency of the Republic of Colombia to discuss the strategic use of data and artificial intelligence to accelerate digital transformation of the state and the search for new public-private partnerships for innovation, in particular GovTech. And the third CAF-OECD meeting of the open and innovative government network where experts exchanged ideas, experiences and knowledge in order to advance the implementation of an open and innovative government in the region.

With public and private institutions from Finland, France, Great Britain, Italy and Singapore, we defined active projects and collaborations, which are currently ongoing. We are working with Chile and Costa Rica on implementing different modalities of assistance.

In digital government and public innovation, work was done on the structuring of various instruments for dialogue and advice to the governments of Brazil, Chile, Colombia, Panama, Peru and Uruguay.

In addition, two regional initiatives are underway: the report Going Digital: The State of the Digital Government in Latin America in 2020 on accelerating digital transformation of governments in the region together with the OECD and an initiative to promote the strategic use of data and artificial intelligence in the public sector in Latin America, in collaboration with the Center for the Fourth Industrial Revolution, affiliated with the World Economic Forum, Microsoft and Telefónica. On the latter, a competition was launched to implement a project that promoted the strategic use of data and artificial intelligence at the municipal level, for which 89 proposals were received from more than 70 cities and municipalities in 11 countries. The proposal Artificial Intelligence for the Prediction of Irregularities and Inefficiencies in Bogotá's Public Procurement by Bogotá's oversight entity was the winner.

In terms of data intelligence and new technologies, we launched CAF's Govtechlab platform to streamline the relationship between governments and technology startups to improve

the efficiency and quality of public services in countries in the region.

Govtechlab systematizes various products and services that CAF offers to its partner governments: 1) the GovTech Report, 2) the GovTech 2020 Index, 3) Support to countries through specialized advice, technical assistance and operations, 4) Support in the creation of innovation laboratories and public challenges, 5) Structuring of impact investment operations and advice on the structuring of GovTech investment funds, and 6) the GovTech Observatory to be launched in 2021.

Regarding the regulatory improvement and administrative streamlining agenda, a regional digital innovation initiative in regulation is being implemented to streamline governments, in particular for economic revival. In addition, Argentina and Mexico are leveraging the national regulatory improvement strategy and the open integrity and governance policy, respectively.

In the area of Transparency and Public Integrity, a CAF initiative was devel-

ARGENTINA AND MEXICO ARE SUPPORTING THE STRENGTHENING OF THE NATIONAL REGULATORY IMPROVEMENT STRATEGY AND THE INTEGRITY AND OPEN GOVERNMENT POLICY.



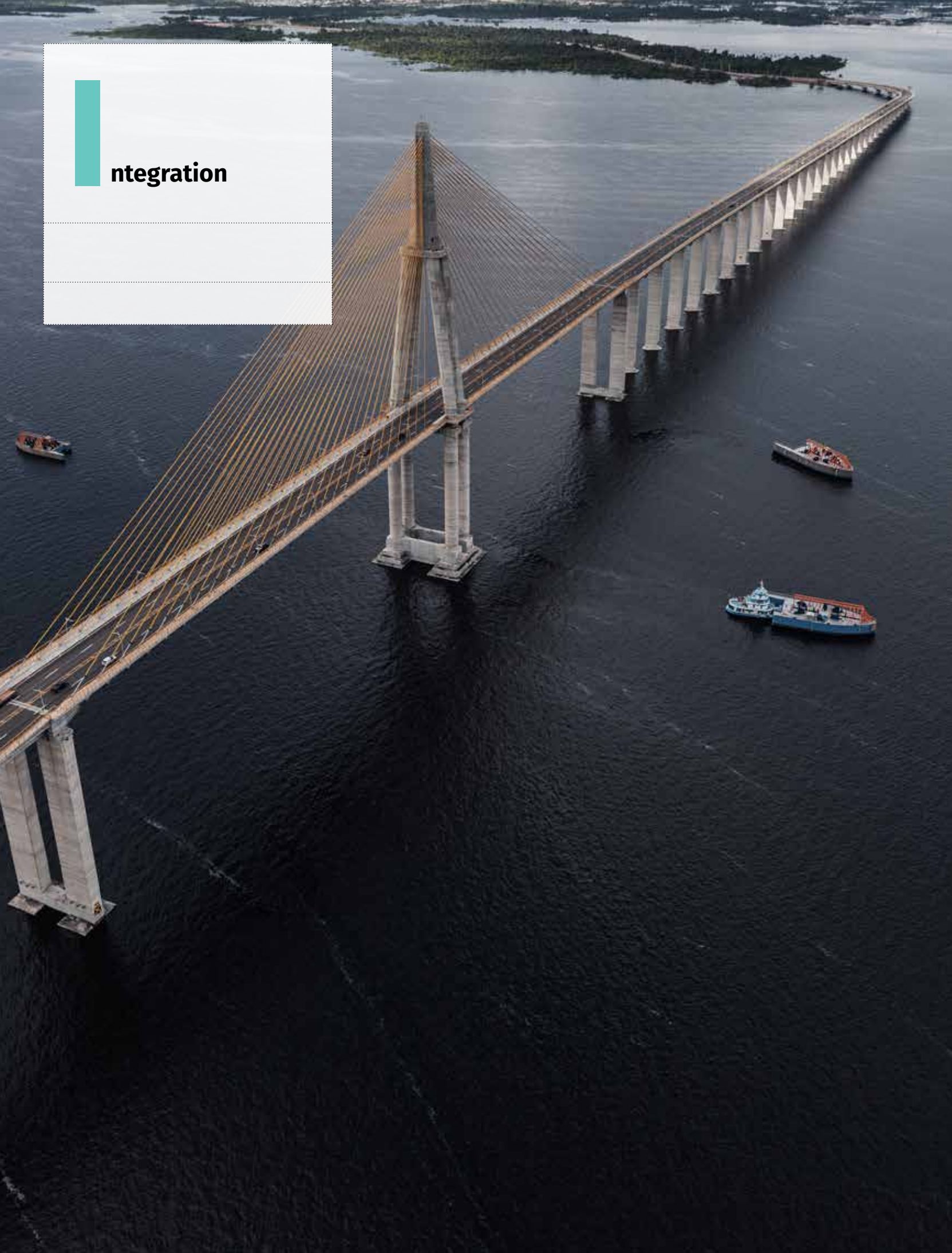


oped in partnership with the Open Contracting Partnership (OCP) to implement in the public procurement agencies of Colombia, Ecuador, Panama and Paraguay the best practices of open procurement and data opening for emergency public procurement, especially related to COVID-19. In this same line, through the Inter-American Network of Government Procurement (RICG), efforts are being made between public purchasing and procurement agencies for the implementation of data intelligence technologies (artificial intelligence and data analysis) to ensure less exposure to risks of corruption in public procurement managed by these agencies, belonging to the countries of CAF and the OAS.

With Smart Cities and digital municipalities, several partnerships were developed with municipalities in the region with initiatives at the frontier of knowledge related to digital innovation in municipalities. CAF published the report *Governing cities: The role of Government Centers and Compliance Units*.



**Integration**



In 2020, the region and the world faced major challenges, many of them derived directly from the COVID-19 pandemic: the management of a complex situation at the health and economic level demanded from governments, and their public policy, agile and innovative responses to an uncertain scenario. In a global context of nationalist views and protectionism, a relevant task has been to promote coordinated action by countries in the region to seek strategies that enhance intra-regional flows and foster Latin American productive chains.

Following its launch in 2019, the Border Development Program (PROGIF) continued its implementation throughout 2020. Within the framework of PROGIF, and in conjunction with national and local authorities, CAF developed the Tabasco Comprehensive Development Project with the aim of promoting the comprehensive development of Mexico's southern border through productivity-boosting interventions through diversification of the economy and facilitating trade, especially with Central America. Through this Project, CAF will provide technical assistance and financial resources around five components, and the relationship between them reflects the integration of the interventions and the conception of a common development vision:

- (i) The structuring of an integration logistics corridor between the cities of Frontera and El Ceibo.
- (ii) Productive and socially inclusive development of the cities of Villahermosa, Frontera and Tenosique.
- (iii) The provision of safe water and sanitation to and around the city of Frontera through the Chichicastle-Frontera water line.
- (iv) Promoting the livestock industry by developing a TIF tracking system.
- (v) Boosting agribusiness through Usumacinta's irrigation district.

In addition, CAF began to design, together with the Mexican government, a support tool for the Tax Administration System (SAT) to identify the requirements and processes necessary to boost trade with Central America and the adaptation of the Treaty between Mexico, the United States and Canada (T-MEC).

In addition, with PROGIF, CAF sought to integrate the promotion of border development within the framework of other projects already under way, focusing on: (i) the optimization of the CEBAF to be built on Colombia's border with Ecuador as part of Ecuador's Logistics Infrastructure Program, (ii) deepening the Binational Cross-Cutting Plan aimed at facilitating trade and building production chains between Bolivia and Peru and (iii) the supporting to the works of access to the Second Bridge over the Paraná River to stimulate economic development and trade flows on the Argentina-Brazil-Paraguay triple border. In this regard, CAF also signed a Memorandum of Understanding with the Bolivian Catholic University of San Pablo, the Pontifical Catholic University of Chile and the Pontifical Catholic University of Peru to promote academic research and development projects in the border areas of Bolivia, Chile and Peru, especially focused on water resources, renewable energies and physical and digital connectivity.

In an effort to further deepen regional initiatives based on field experiences, the institution has identified as a recurring need to improve the operation of customs, specifically in border areas.

Therefore, work has been done on the design of a Customs Modernization Strategy that can be tailored to the specific reality of the Latin American countries focusing on infrastructure

needs, process optimization and coordination improvements to be presented in 2021.

Lastly, with regard to the relationship with regional integration schemes, CAF supported the digitalization process of the Pacific Alliance – AP NET. Since the creation of the Pacific Alliance, CAF has supported a number of initiatives to strengthen and promote this important economic bloc, particularly projects that have received technical and financial assistance related to the promotion of SMEs, as well as fostering digital transformation to improve coverage and productivity of its member countries. In this sense, with the purpose of promoting the digitalization of the Pacific Alliance and improving its intra-bloc management, CAF approved a non-reimbursable technical cooperation facility to Peru—an AP member country—which will improve the technical tools and enhance functionalities and performance of the AP-NET digital platform developed in 2019.



# CAF-funded physical integration projects over the past 24 years



This map has been prepared by CAF for illustrative purposes only. Therefore, the borders, colors, names or other information on it do not imply any opinion on the legal status of any territory, nor the recognition of borders by the institution.

## Composition by 2020



### ENERGY

**USD 2.14 billion**

13 projects

- Power transmission  
**USD 903 million**  
6 projects
- Gas  
**USD 429 million**  
3 projects
- Generation  
**USD 808 million**  
4 projects



### LOGISTICS INFRASTRUCTURE

**USD 10.06 billion**

71 projects

- Roads  
**USD 8.83 billion**  
58 projects
- Logistics nodes  
**USD 345 million**  
3 projects
- Railway  
**USD 840 million**  
7 projects
- Waterways  
**USD 44 million**  
3 projects

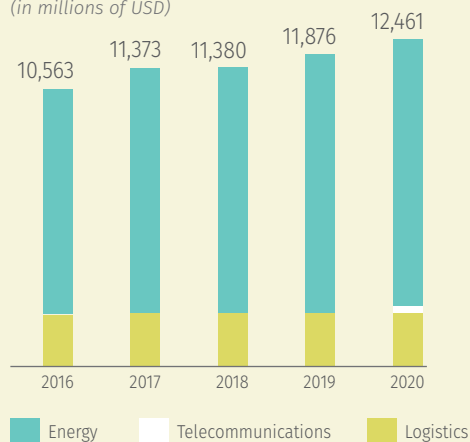


### TELECOMMUNICATIONS

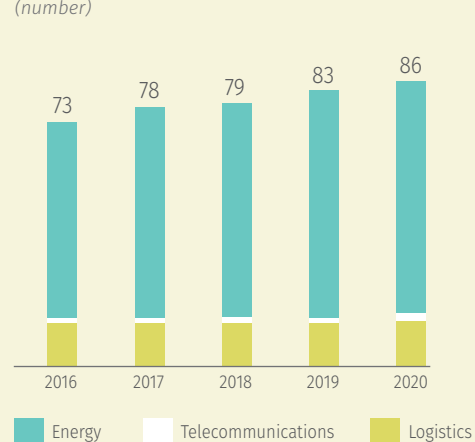
**USD 258 million**

2 projects

**CAF contribution**  
(in millions of USD)



**Projects**  
(number)



## Credit operations with integration components approved in 2020

### ECUADOR: Logistics infrastructure

Aims to contribute to the modernization of multimodal transport and reinforce the structuring nature of Logistics Corridors (LCs) Quito-Guayaquil; Quito - Cuenca; Quito - Manta and Quito - Tulcán, improving efficiency to road, maritime transport and border integration logistics services.

### ARGENTINA: Second Generation Telecommunications Geostationary Satellite System

Its objective is to improve digital connectivity in hard-to-reach areas, based on the development and construction in Argentina of the ARSAT-SG1 geostationary satellite system, which is set to provide satellite broadband services.

### PARAGUAY: Puerto Indio and connection to the Itaipu expressway

It seeks to improve connectivity in the district of Mbaracayú and its area of influence, integrating productive and logistical activities, in an effort to help consolidate the economic development of the Alto Paraná region.

# 1970-2020

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**50 years working  
for the sustainable  
development of  
our region**

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CAF's 50th Anniversary



CAF developed commemorative activities between March 2019 and December 2020 for its 50th anniversary in the 19 shareholder countries. These included publications and seminars on our region's development challenges and solidarity actions promoted by the officials of our 13 country offices.

CAF started operations on June 8, 1970 by agreement of the governments of Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela, with the aim of becoming the financial instrument of the integration process of the member countries of the Andean Group.

Half a century later, with 19 shareholder countries, CAF has become a success story in Latin America, becoming a true development bank with a Latin American scope, with the mission of supporting the region in its efforts to achieve prosperity and sustainable and inclusive development for all.



### 7 conferences

- 33,390 attendees
- +1,022 media mentions
- 186 panelists



### 13 initiatives for officials

- 12 Representative offices and Headquarters
- 6,077 beneficiaries
- +416 officials and their families participated



### 9 seminars

- 8 countries and 1 regional
- +13,400 attendees
- 591 media mentions
- 119 panelists



### 1 CAF week

- "50 Wonders of Our Own" Competition
- Quiz: "How much do you know about our history?"
- Concert: "United for Music"



### 83 public officials

mobilized directly in the organization of commemorative activities



### 2 editions "Ideas for the future"

- 2019**
- 687 essays submitted
  - 2,567 participants

- 2020**
- 528 essays submitted
  - 3,444 participants



### 3 concerts



### 3 publications

CAF organized **seven conferences** during the celebration period covering various topics of great importance for our countries such as digital inclusion, green financing, governance, transparency, digital governance, climate change, keys to the economic recovery following the crisis caused by COVID-19, challenges and opportunities for Latin American SMEs, among many others. In total, the conferences were attended by 180 panelists in front of an audience of more than 33,300 participants.

- CAF Conference: Europe-Latin America Relations Sustainable development and digital inclusion. **Madrid, June 13, 2019.**
- 23rd CAF Annual Conference. **Washington, September 4-5, 2019.**
- Second High-Level China-Latin America Investment and Cooperation Forum. **Santiago de Chile, October 16, 2019.**
- CAF Conference: Governance, Integrity and Transparency for Development. **Quito, November 7, 2019.**
- 24th CAF Annual Conference. Washington, **September 9-11, 2020.**
- CAF Conference: Europe-Latin America Relations, An Alliance for Economic Recovery. **Madrid, October 15, 2020.**
- CAF Conference: The New Economy and the Future of Latin American SMEs **Mexico City, November 5-6, 2020.**

Also noteworthy is the **nine seminars** that brought together, face-to-face and online, more than one hundred prominent panelists before an audience of more than 13,000 people to discuss the development challenges facing the region in terms of trade and investment, the urgency of achieving the construction of a social pact, productive SMEs, the use of data and artificial intelligence, the promises of GovTech, the COVID-19 crisis, among many others of vital importance to our countries in the current context.

These special seminars were held in Mexico City, Paraguay, Montevideo, Brasilia, Trinidad and Tobago, Panama, Argentina, Colombia and at the regional level.

- CAF Seminar: The Future of Government in the Digital Age. **Mexico City, March 11, 2019.**
- CAF Seminar: Challenges and Opportunities for Paraguay's Development. **Asunción, June 4, 2019.**
- CAF Seminar: Innovation as a Driver of Productivity and Growth. **Montevideo, July 23, 2019.**
- CAF Seminar: MPEs productivas, financiamiento para o desenvolvimento e o crescimento. **Brasilia, November 20, 2019.**
- CAF Seminar: Envisioning Long-term Sustainability in Trinidad and Tobago: Productivity, Innovation and Resilience. **Port of Spain, November 25, 2019.**
- CAF Seminar: Government and Digital Infrastructure for Regional Integration. **Panama City, December 2, 2019.**
- Seminar: Challenges for Latin America's Growth and Development. **Buenos Aires, March 2, 2020.**
- Seminar: Keys to Rethinking Latin America's Present and Future. **Regional, June 11, 2020.**
- Seminar: The Great Digital Acceleration in Latin America. **Bogota, November 4, 2020.**

1. Simultaneous reading with vulnerable children and adolescents. Buenos Aires, November 15, 2019.
2. Visit to the renovation of a sports court. La Paz, December 8, 2019.
3. Joseph Stiglitz, Nobel Prize in Economics, at the Seminar: Keys to rethinking the present and future of Latin America, Regional, June 11, 2020.



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Three concerts were organized as part of the celebrations of the 50th anniversary of our institution, featuring prominent Latin American artists, as a proof that music is one of the symbols of integration of our countries. These included an opera concert with Spain's Reina Sofía School of Music, an outstanding performance by Ecuador's Symphony Orchestra and an online concert with different singer-songwriters from countries of the region.

- Opera by the Reina Sofía School of Music. **Madrid, June 12, 2019.**
- Sounds of Latin America with Ecuador's National Symphony Orchestra. **Quito, November 6, 2019.**
- United by Music. **Online concert, June 12, 2020.**



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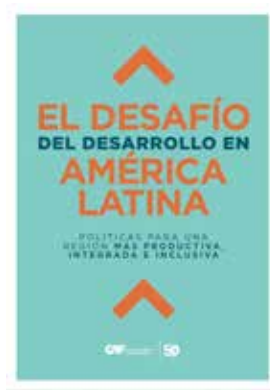
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4. Colombian president Iván Duque and the executive president of CAF address the CAF Seminar: The Great Digital Acceleration in Latin America. Bogota, November 4, 2020
5. Socio-cultural training day with a workshop on percussion and traditions of the Congo culture. Panama City, November 19, 2019.
6. Tree planting in San Bernardino, as part of the 50th anniversary. Paraguay, October 26, 2019.
7. Authorities of the first panel of the CAF Seminar: Challenges for Latin America's Growth and Development. Buenos Aires, March 2, 2020.
8. First session of the CAF Seminar: Innovation as a Driver of Productivity and Growth. Montevideo, July 23, 2019.





**Three publications** prepared to commemorate CAF's 50th anniversary:

*Development Challenges in Latin America*, policies for a more productive, integrated and inclusive region, in which CAF brought together leading authors to reflect on the development challenges of Latin America with in-depth the lessons of the past and proposing public policies for the future. Throughout their nine chapters, they intend to contribute to the debate on fundamental issues for our region, with a comprehensive and long-term vision.



*50 years on the road to prosperity*, a publication that sums up CAF's main milestones as one of the great success stories of Latin American integration, since it started operations in 1970 as the financial arm of Andean integration. 50 years later this case of sub-regional integration has become one of the main sources of multilateral financing and a development ally of Latin America and the Caribbean.



Furthermore, the publication *50 Wonders* called on the creativity of our officials to pay homage to the cultural and natural richness of Ibero-America with a selection of 50 experiences of our gastronomy, tourism and culture as veritable wonders in our countries. From an integration perspective, CAF highlights the culture and riches of our region as one of the core values of our identity.

NINE SEMINARS BROUGHT TOGETHER, FACE-TO-FACE AND ONLINE, ONE HUNDRED PROMINENT PANELISTS BEFORE AN AUDIENCE OF MORE THAN 13,000 PEOPLE TO DISCUSS THE DEVELOPMENT CHALLENGES FACING THE REGION.

## SOLIDARITY INITIATIVES

Each of the country offices and the headquarters organized solidarity activities for the anniversary, with the participation of more than 400 staff with their families, benefiting more than 6,000 people in vulnerable situation. Activities include the sponsorship of various tree plantings and reforestation campaigns, creation of a library, support in the construction of a library, reconstruction of spaces, furnishing a teaching experimenting center, support with motor therapy, purchase of food and medical supplies to address the pandemic, among many others.

Internally, our officials enjoyed CAF week from June 8 to 12, 2020, to celebrate our institution's 50 years of work.

## ESSAY COMPETITION

The "Ideas for the Future" university essay competition was launched in 2019 as one of CAF's initiatives on the 50th anniversary, with the aim of collecting the vision of young university students about the development challenges facing Latin America and the Caribbean. Its second edition attracted 3,444 students from 777 universities from the 19 shareholder countries of CAF.

The winners of the 2020 edition were:

- Guillermo Perry Award: Omari Joseph - University of West Indies, Trinidad and Tobago. Essay: Project Backbone
- Second prize: Kevin Steven Mojica Muñoz - University of Los Andes, Colombia. Essay: The Digital Economy: Key to Latin America's Economic Development in a Post COVID-19 Scenario
- Third prize: Nazarena Marano Suffern - Torcuato di Tella University, Argentina. Essay: Rethinking Latin America's free trade agreements: A tool to increase exports?

50 years  
working for  
the sustainable  
development  
of our region



9. Panel 2 at the CAF Seminar: Government and Digital Infrastructure for Regional Integration. Panama City, December 2, 2019.

10. Ibero-American winners of the "Ideas for the Future" university essay competition at the awards ceremony held at the CAF Conference: The New Economy and the Future of Latin American SMEs, November 6, 2020.

# 2020

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**International  
relationships and  
alliances for the  
development of  
the region**

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In 2020, CAF continued to promote a comprehensive external relations agenda and foster development partnerships around three strategic axes: promoting a global presence; encourage forums for the generation of knowledge about major global trends and their impact on the region; and, attract funds and create trade and investment opportunities.

Building partnerships is a vital challenge for the development of Latin America and the Caribbean. In this context, CAF has established itself as a relevant partner for the development of the region with global projection and presence in all priority forums.

## CAF's global presence

CAF's external action is aimed at fostering the international projection of the region. This involves promoting multidimensional interaction—on all relevant platforms—with public entities, international bodies, companies, academic institutions and civil society organizations, to address issues related to the development of the region to promote regional interests and influence the global development agenda. Consequently, this dimension of CAF's external action is aimed at diversifying and articulating its relations with the main regional stakeholders and the international system.

In 2020, an equity growth process was approved, allowing member countries to increase their borrowing capacity. At the same time, Mexico's accession as a full member of CAF (Series A shareholder) will help the nation secure greater access to long-term financial resources, as well as technical cooperation for sustainable development, among other benefits. For CAF, this equity enhancement is key to sustaining its operational growth and thus continue to maximize its impact on country development and improving people's living conditions in a context of post-pandemic economic recovery.

CAF participated in forums such as the OECD Regional Program for Latin America and the Caribbean and the Joint Summit Working Group, coordinated by the OAS General Secretariat. In this context, the "Policy

Dialogue" was held in June 2020: Corruption and COVID-19" promoting the exchange of experiences and reflections on the risks of corruption in addressing emergency situations in our countries.

CAF also participated in the 50th Regular Session of the General Assembly of the Organization of American States (OAS) held online on October 20–21, 2020.

This year, CAF signed two MOUs: between CAF and the ILO, to create more and better jobs in Latin America and the Caribbean; and between the IDB, CAF and FONPLATA, for the partnership for integration in Latin America, which will help us continue developing partnerships for the development of our shareholder countries.

In Europe, CAF's executive president made an official visit to Spain in which he met with Banco de España governor Pablo Hernández de Cos,

following the renewal, in August 2020, of the Cooperation Agreement between the two agencies.

In addition, the institution organized on October 28 the sixth edition of the "Water Dialogues," held online, as a joint initiative of CAF and Spain, through the Ministries for Ecological Transformation and Demographic Challenge, Economic Affairs and Digital Transformation, and Foreign Affairs, European Union and Cooperation, which has become a strategic platform for collaboration for sustainable water resource management. The event featured a dialogue around the value of water in Ibero-America, considering the seasonal and geographical variability affecting water availability, particularly in times of COVID-19, which exacerbates the structural need to ensure universal access to hand-washing, food security, ecosystem preservation and their recognition as a heritage of countries.

Similarly, we continued to strengthen our ties with the United Kingdom with the third CAF-sponsored Chatham House Conference on Latin America held on November 16–17 in London. The online event brought together academics, government leaders, the private sector and representatives of international agencies to discuss the economic, political, social and geopolitical impact of COVID-19 on the region, as well as post-pandemic challenges.

In the Asia-Pacific region, CAF continued to cement ties with Japan. The year 2020 was marked by an official visit by CAF executive president to Tokyo in February in which he held working meetings with various partners.

**Launch of the 2020 Economy and Development Report: Pension and health systems in Latin America. The challenges of aging populations, technological change and informal labor.**

The launch of the Economy and Development Report (EDR) 2020: Pension and health systems in Latin America was held online on November 3, 2020. The report presents the status of pension systems and health-care services, as well as aspects of the labor market that impact coverage and financing.

**2020 CAF Conference: The New Economy and the Future of Latin American SMEs**

The CAF Conference: The New Economy and the Future of Latin American SMEs” was held online on November 5 and 6, 2020, in Mexico City, bringing together 29 leaders from various sectors with the aim of exchanging perspectives on the challenges and opportunities facing Latin American SMEs to adapt to an increasingly complex environment exacerbated by the crisis caused by COVID-19.

The keynote remarks were delivered by the head of the Public Credit and International Affairs Unit of the Mexican Ministry of Finance and Public Credit, José De Luna, and CAF executive president Luis Carranza, and was attended by the Mexican Ministry of Economy, Graciela Márquez Colín.

This fourth CAF Conference specifically discussed the impact of the crisis and the leap to a new economy for Latin American SMEs; new trends in global value chains, accelerating digital transformation from a business perspective; success stories in our region; and the public policies needed to help women in this new economic and social reality.



CAF'S EXECUTIVE PRESIDENT MADE AN OFFICIAL VISIT TO TOKYO IN FEBRUARY IN WHICH HE HELD WORKING MEETINGS WITH VARIOUS PARTNERS.

1. Launch of the 2020 Economy and Development Report: Pension and health systems in Latin America.



# Partnerships and platforms for knowledge generation

CAF fosters the generation of knowledge and exchange platforms that foster regional reflection on development through conferences, partnerships and networks with leading universities and think tanks at the global level.

## 24th CAF Annual Conference

The first online edition of the CAF Annual Conference, considered one of the most relevant forums in the Americas, organized together with the Inter-American Dialogue and the Organization of American States, took place on September 9–11, 2020, and brought together 37 leaders. The event addressed issues such as the failures and successes of health systems in the region, the need for digital transformation, growing threats to democratic governance, the future of the social contract in the Americas, and COVID-19's relationship with the fight against climate change. There was also a debate about the impact of elections in the United States on international affairs and the relationship of recovery efforts and new mechanisms to enhance financial flows to countries in the region to meet their post-pandemic needs. In this connection, CAF proposed the structuring of a fund for the financing of digital and integration infrastructure projects, which is expected to contribute to regional recovery.

## CAF Conference in Europe 2020

The CAF Conference “Europe-Latin America Relations: An alliance for economic recovery,” was held on October 15, 2020, in a hybrid format at Casa de América in Madrid, Spain. This edition, organized together with the Spanish Confederation of Business Organizations, brought together a group of international experts from different sectors to discuss bi-regional integration and cooperation ties between Latin America and the European Union. Similarly, they addressed the main common challenges facing Latin America and Europe in post-pandemic economic recovery, with proposals for economic upturn based on an alliance between the two regions.

2. Keys to Rethinking Latin America's Present and Future.
3. 24th CAF Annual Conference.





## Funds capture and creation of trade and investment opportunities

Political, diplomatic and institutional support through official visits, investor forums and business meetings, among others, is paramount to complementing CAF's successful financial strategy, opening doors and approaching potential new partners in order to ensure a comprehensive approach to allied countries and regions.

This year, CAF participated again in the "Euromoney Global Borrowers & Investors Forum," an event held online on June 16-17, with the participation of government and banking institutions, which examined the impact, response and recovery of capital markets due to COVID-19, among other topics.

CAF and China's Center for International Knowledge on Development (CIKD), a renowned institution in that country that promotes global sustainable development through the exchange of knowledge and best practices, organized the online seminar "The Economy of SMEs during the Pandemic: Safeguards and Policies to Avoid Risks when Reopening Economies by Extrapolating China's Experience to LATAM" on May 22, 2020. The event featured prominent Chinese experts and public healthcare authorities and SMEs of CAF shareholder countries, and discussed the measures implemented in China to support SMEs during the pandemic.

POLITICAL, DIPLOMATIC AND INSTITUTIONAL SUPPORT THROUGH OFFICIAL VISITS, INVESTOR FORUMS AND BUSINESS MEETINGS, AMONG OTHERS, IS PARAMOUNT TO COMPLEMENTING CAF'S SUCCESSFUL FINANCIAL STRATEGY.



# 2020

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## Knowledge Management

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Knowledge services management is a key CAF activity that complements the financial services provided by the institution. This activity aims to improve the impact of the institution's operations and develop strategies based on appropriate diagnostics on country development constraints. Also, knowledge management seeks to incorporate learning mechanisms in the project implementation process based on the challenges encountered and the lessons that can be drawn from them.

In addition, knowledge services seek to directly advise and support countries in the design, implementation and evaluation of public policies and in building institutional capacities that result in better policy management. Lastly, CAF's knowledge agenda also aims to encourage an open discussion of various evidence-based policy alternatives that enrich the public debate and create the consensus necessary for implementation by governments and societies.

Knowledge management is how we promote the generation, identification, capture, classification, storage, analysis, dissemination and use of knowledge with the aim of improving the impact of CAF's activities on the development of countries. Based on this definition, the activities included in this system include:

- Applied academic and public policy research on the determinants of development.
- Analysis and monitoring of macro-economic situation and trends in the global economy.
- Advice and collaboration with countries on institutional development issues through, e.g., initiatives for digital transformation of the state and impact assessment of policies and projects.
- Sectoral studies and analyses (on economic and social infrastructure, and on the financial system and productive activities).
- The production of primary information and databases; publication of reports, books and policy notes; the development of repositories with detailed information on documents related to CAF's lending and technical cooperation operations.
- The administration of a repository with CAF external publications.
- The organization of conferences and seminars, the creation of platforms for knowledge and experience sharing for officials of the institution, and in general all activities aimed at creating an environment of learning within the organization.

This strategic conception leads to knowledge management as an activity that involves different areas within CAF. First, there are areas that have an explicit responsibility and mandate in knowledge generation and sectoral specialization directorates. Second, in the areas responsible for the creation, evaluation and management of projects there are also opportunities to build knowledge by documenting the lessons drawn from these operations. Given the high degree of decentralization of knowledge activities, there is an important challenge in the coordination and articulation tasks of the various offices and initiatives developed to become part of a strategy that focuses efforts on certain issues, homogenize messages and set quality standards for knowledge efforts to follow the goal of underpinning countries' development.

The pandemic experienced during 2020, which has stretched into 2021, poses major challenges to the institution's strategy and knowledge management. In order to better guide CAF's actions on loans and other emergency aid, there was an urgent need for mechanisms to monitor the progress of contagions, the response capacity of health systems, differences in existing risk conditions and, in particular, the responsiveness of public finances to alleviate what became the largest global economic crisis since the Great Depression.

Activities included repositories with health and public policy information implemented by governments for crisis relief, which included strengthening of healthcare systems as well as monetary aid and other policies to support families and businesses. We

also collaborated with governments in digitalization and data use initiatives (for administrative and other purposes) to build capacities to provide services during lockdown measures.

Lastly, we promoted policy and reform analysis to shore up recovery in a broad set of strategic areas such as employment and productivity, assistance and social policy, support for sectors hit hardest by the emergency (e.g. tourism) and government capabilities.

THE PANDEMIC EXPERIENCED IN 2020, WHICH STRETCHED INTO 2021, HAS POSED SIGNIFICANT CHALLENGES TO THE KNOWLEDGE MANAGEMENT AND STRATEGY OF THE INSTITUTION.

## Publications



### RED 2020: Pension and health systems in Latin America. The challenges of aging populations, technological change and informal labor

21st-century social protection in the countries of the region will be strongly conditioned by labor informality, automation and digitalization of production processes, and especially because of the rapid aging of the population. Indeed, over the next 30 years, the share of Latin Americans aged 65 or older will double to almost 18%. The report focuses on the nature of the challenges facing social protection systems and public policies to address them. Its primary focus is on pensions and the provision of health and care services for the elderly. Its objective is to provide a comprehensive and in-depth overview of both systems, taking into account the interactions between demographics, the labor market and the factors that determine their financial balance and sustainability. It also offers some keys to building quality and financially sustainable social protection for the elderly.



### 50 years on the road to prosperity

The history of CAF is one of the major success stories of Latin American integration. Created in 1968 with the signing of the Establishment Agreement, it started operations in 1970 as the financial arm of Andean integration. What nobody knew back then is that 50 years later this case of sub-regional integration would become one of the main sources of multilateral financing and a development ally of Latin America and the Caribbean. The figures speak for CAF's contribution to development over its 50 years. The combined funding numbers amount to USD 188 billion and the direct impact of our projects has benefited millions of Latin Americans. There are many success stories thanks to CAF throughout its history, but there are many more challenges ahead of us. In the coming decades, Latin America will continue to have a strong, committed and competent ally to meet these great challenges.

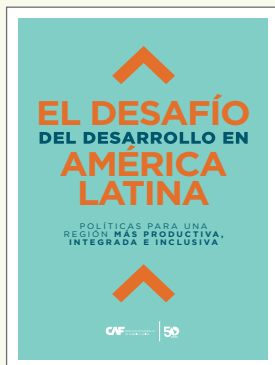


### 50 Wonders

This publication is an approach to the cultural and natural richness of Ibero-America. A heartfelt tribute made by CAF's team, as part of its 50th anniversary, to 50 experiences of our gastronomy, culture and tourism that represent a true gift for the world.

The following pages are a journey through 50 key experiences from CAF's 19 shareholder countries, including Spain and Portugal, with latent historical and cultural ties. Combining styles such as chronicle, storytelling and poetry, filled with emotion and authenticity, the stories represent Latin American pride and portray a region full of life.





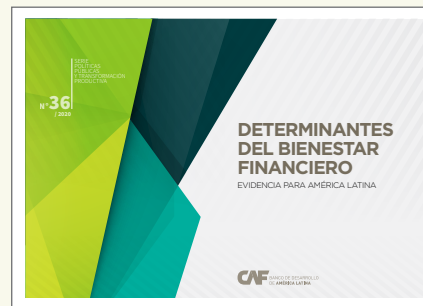
### **The challenge of development in Latin America. Policies for a more productive, integrated and inclusive region**

This publication, prepared as part of CAF's 50th anniversary celebrations, addresses the challenge of development in Latin America in nine chapters. It discusses the history of the region, its economic practices and puts forward policies for a more productive, integrated and inclusive region. The book addresses topics ranging from infrastructure to natural resources from perspectives that include regional integration, digital revolution, and employment.



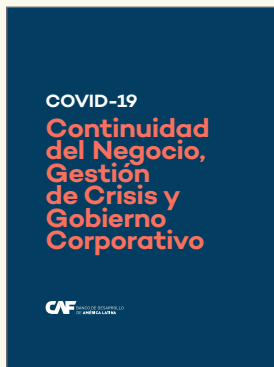
### **Digital transformation strategy for Latin America's productive sectors**

CAF advances projects to digitalize productive sectors as part of its efforts to boost improvement in the region. It places special emphasis on productive chaining, the insertion of companies into global value chains and small and medium-sized enterprises (SMEs), since these are the backbone of the region's industrial fabric. This document is divided into four sections. CAF's initiative and the defined methodology were implemented for the development of a roadmap for the inclusion of digital technologies into the agro-industrial value chain in the region.



### **Determinants of financial well-being: evidence for Latin America**

This document provides the first measurement of the financial well-being in Latin America and includes the factors associated with this indicator. The results show that the financial well-being index provides insights not offered by traditional financial measurements; differences in financial well-being are greater in users of formal savings products than in holders of credit cards; better financial literacy is associated with better financial well-being; and certain variables related to financial behavior have an important relationship with financial well-being, such as previous experience with the financial sector, product comparison between different financial institutions, and personal participation in household financial decisions.



### COVID-19: Business continuity, crisis management and corporate governance

The COVID-19 pandemic knows no borders, affecting the health of humans and businesses alike, and when a global crisis occurs, their corporate governance structure is put to the test as a tool to manage risks and weather the storm. This guide focuses on recommendations for the Board of Directors, Senior Management and Oversight Structure and is applicable to any type of company, regardless of size, type of ownership or industry. Some elements, however, may not be adaptable to the reality of the organization, and thus, each must make the relevant adjustments and develop its action plan considering the particular features of the organization.



### Aguarural Social Innovation: Drinking water services in rural Perú

On July 28, 2010, through Resolution 64/292, the United Nations General Assembly explicitly recognized the human right to water and sanitation, acknowledging that clean drinking water and sanitation are essential to the realization of all human rights. However, the challenge of ensuring clean, accessible, affordable water supply and sanitation for all is daunting, especially for developing countries. Therefore, CAF forged a strategic alliance with the NGO Agualimpia to implement an innovative, flexible model tailored to the realities of the rural context, for the optimization of drinking water systems and building community capacities in 13 rural towns in Peru.



### Formulation and design guides for educational infrastructure projects

These two guides seek to support public sector stakeholders, executors and program managers in the development of educational infrastructure actions, from their inception to the production of the executive project. Considering that improving learning, skills and performance of children in schools in the region promotes equitable human, social development based on solidarity, education infrastructure plays a pivotal role.



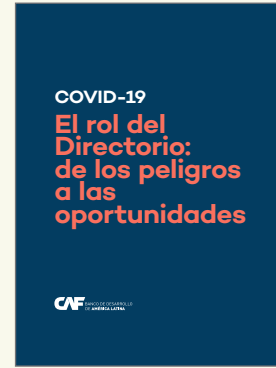
### Gender-based mobility patterns in Mexico City

This document is an executive summary of the final report for the gender study. Its main goal is to identify in the Origin-Destination Survey 2017 (EOD 2017) in the Metropolitan Zone of the Valley of Mexico (ZMVM) the travel trends of the population, in relation to mobility associated with care tasks, interdependence and accessibility.



### Towards greater financial inclusion in Latin America

Financial inclusion is a key element in the development of countries. It is a multidimensional concept that includes elements of supply and demand, both in access, use and quality of products and services, and in general financial well-being. There is extensive evidence of the relationship between reducing equity gaps, boosting productivity, greater economic well-being and reducing poverty. This document details the current situation in Latin America and CAF member countries. It also describes some regional initiatives and CAF's financial inclusion agenda in the region.



### COVID-19 The Role of the Board of Directors: From Threats to Opportunities

Cognizant that the COVID-19 pandemic will surely stretch for several months, this guide focuses on analyzing the challenges facing the Board of Directors of a company to move the organization from "crisis mode" to "new normal mode," considering that as long as it continues to face the uncertainty of the pandemic, it should not neglect its key functions: maintaining a long-term vision and anticipating risks. Similarly, some proposals are put forward as opportunities for improving performance of the Board.





### Governing cities: The Role of Government Centers and Compliance Units

In Latin America and the Caribbean, intelligent city management is a key element to improving people's lives. In a context of exponential growth in the amount of data available and change in demand for services brought about by the "new normal" created by COVID-19, the search for innovative management models, rather an opportunity, has become a necessity. This study on Governing Cities: The Role of Government Centers and Compliance Units describes the experience of six Latin American cities and their practices in intelligent management and compliance improvement, analyzing them from a comparative perspective with delivery unit models at the national level.



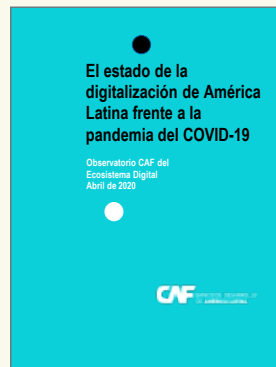
### Children's Nutrition Agenda. Our contribution to the fight against malnutrition 2019-2022

CAF promotes an agenda around the most sensitive issues for the development of the region, addressing key aspects, such as the provision of basic services and inclusive, high-quality education. In addition, we face now the challenge of defining an agenda that, by reducing chronic child malnutrition, prioritizes the realization of children's potentials by leveraging CAF's institutional capacity. The main goal of the Agenda is to help reduce the prevalence of chronic malnutrition and micronutrient deficiencies in early childhood in countries in the region.



### Alternative SME financing mechanisms in Mexico: the cases of production chains, guarantees (NAFIN) and leasing (UNIFIN)

This study seeks to document the cases of three alternative SME financing products: production chains, guarantees and leasing. The first two were developed by NAFIN, and the latter by UNIFIN, with the purpose of achieving a greater insertion of SMEs into the credit market. The document delves into the context of the Mexican economy at the time these products were conceived, as well as the institutional conditions for proper operation of financing mechanisms, among others.



### The opportunities of digitalization in Latin America during COVID-19

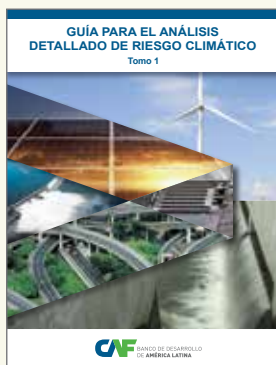
The COVID-19 pandemic poses a challenge to the global socio-economic system. Telecommunications infrastructure is critical to supporting economic and social actions. In this context, it is important to raise questions about Latin America's position in terms of the degree of readiness of its digital infrastructure and the level of digitalization to address these challenges. It is therefore particularly important to analyze the opportunities for digitalization in Latin America in the face of the COVID-19 contingency and to propose public policy actions for further leveraging. Under this premise, we describe below the status of digitalization in the countries of the region when coping with the pandemic, we identify digital solutions adopted during this emergency, and compile the main public policy actions taken in this context.

### The status of Latin America's digitalization in the face of the COVID-19 pandemic

Since its onset and spread worldwide, COVID-19 has challenged the entire global socio-economic system. After the implementation of the first health-care measures, coupled with fears of contagion, anecdotal evidence began to be collected, which gave a recount of the importance of digital technologies in offsetting lockdown, disseminating prophylactic measures and facilitating the operation of economic systems. The purpose of this research is to estimate based on empirical evidence the importance of digitalization as a factor that mitigates the disruption caused by the pandemic, as well as to assess how Latin America is positioned to address this challenge.

### Executive summary of the GovTech 2020 Index report. Unlocking the potential of GovTech ecosystems in Ibero-America

The executive summary compiles in Spanish, English and Portuguese the highlights of The GovTech Index 2020 Unlocking the Potential of GovTech Ecosystems in Latin America, Spain and Portugal, co-edited by CAF and Oxford Insights. This index analyzes 28 indicators and primary sources to understand the potential of countries and their actions in seven policy dimensions: innovation environment, digital environment, industrial environment, political environment, digital government, procurement frameworks and procurement culture. The result is the first digital measurement of GovTech ecosystems in the world and 19 roadmaps for member countries that wish to develop public-private partnerships.



### Guide to a detailed climate risk analysis

This guide is aimed at CAF clients, and presents a detailed climate risk assessment (CRA) methodology for six types of projects: photovoltaic solar energy, wind power, hydropower, water supply, road infrastructure and urban drainage infrastructure. The paper contains a contextualization of projects on climate change, the identification of specific climate threats for each type of project and the assessment of exposure, the analysis of vulnerability and risk, and the identification and selection of the most appropriate adaptation measures in each case. It has been divided into three volumes and developed as part of the technical assistance granted by the European Union through its LAIF (Latin America Investment Facility) program to KfW (Kreditanstalt für Wiederaufbau) and CAF under the Climate Change program.



### How banks incorporate climate change into their risk management

This presents the results of the survey “How banks in Latin America and the Caribbean incorporate climate change into their risk management,” which is the world’s first survey on what banks in a given region are doing in relation to integration of the climate change dimension into their strategy and management. This study is carried out by the United Nations Financial Initiative for the Environment (UNEP FI) in conjunction with CAF. This survey records the level of knowledge, current commitments and future climate risk management goals of the banking sector in this region in an effort to produce a comparative diagnosis that provides information relevant to participating banks.



### Innovative experiences in the professional development of principals

Educational improvements are key to countries’ development processes, and when we talk about education, we must think about teachers and school principals. This publication was conceived with the purpose of studying successful experiences in the training processes of principals at the global and regional levels, and it seeks to improve understanding about trends in the training and improvement of school principals. As a result, evidence from different projects is presented, including Singapore, England, Colombia, the Dominican Republic and Chile.





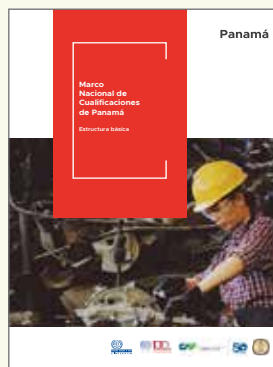
### Financing mechanisms for SMEs through the stock market: International experience and recommendations for Uruguay

This study has been classified and organized into four large groups in order to perform better analysis of the effectiveness and usefulness of SMEs. These include: alternative markets, simplified regimes, special purpose vehicles and guarantee mechanisms and—lately—Fintech. These four groups cover four generations of SME financing mechanisms from the 1980s to date. Alternative markets and simplified regimes are instruments that seek the streamline procedures, based on the assumption that costs and bureaucracy are the main reason why smaller businesses cannot access securities markets.



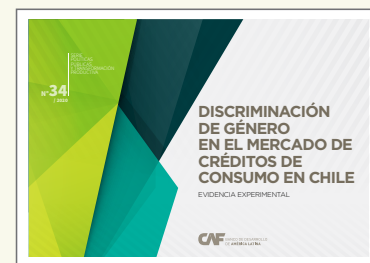
### Analysis of investments in the Latin American intercity land transport sector as of 2040

The purpose of this publication is to provide this comprehensive overview about the road and rail transport infrastructures, as well as to establish the criteria for selecting projects that can provide greater added value. The study also performed an analysis of the major trends of the transport sector in Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Panama, Paraguay, Peru and Uruguay, their social and environmental effects, the impacts of the expected technological innovations and the expected effects in the medium and long term for Latin America.



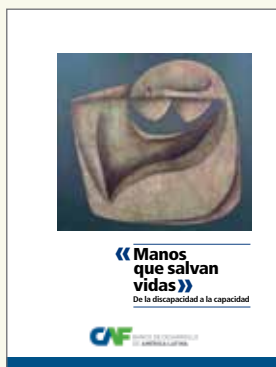
### Panama National Qualifications Framework

This is a set of publications, drawn up based on an agreement between the Inter-American Center for the Development of Knowledge in Vocational Training (ILO/CIN-TERFOR) and CAF, for the development of technical cooperation actions with the Republic of Panama for the design of a National Qualifications Framework. This design is expected to develop a consensual and unique instrument for Panama, which gathers and articulates a set of qualifications, presenting them in an orderly manner, by levels based on defined criteria with a regional, national or sectoral scope.



### Gender discrimination in Chile's consumer credit market

In Latin America, the gender gap in financial matters (as well as in other areas) is negative for women, compared to men in terms of access to the financial system. In the region, Chile has been the only country that has systematized and collected for more than 15 years gender-segmented data in the financial system. This has helped identify gaps in access. However, no in-depth analysis has been made into the source of these gaps. This document focuses on the following question: Do account executives favor men when evaluating similar loan applications of male and female applicants? The paper shows that loan applications submitted by women have 14.8% less chances of approval than equivalent applications filed by men with a similar profile.



### Hands that save lives

This study originates in the analysis of the social innovation initiative, and aims to set out the details of the model above, which uses the high motor skills of visually impaired women in the early detection of breast cancer, helping to alleviate a public health problem and creating meaningful, high-quality job opportunities for people traditionally excluded from the labor market.



### City Footprints Series

The City Footprint series consists of a summary document that presents an overview of the project and 11 specific publications, one for each city studied in the project. This project was developed as part of CAF's Climate Change and Cities Agenda with the purpose of producing public information to support municipal governments and decision-makers in the region in the development and implementation of climate change mitigation and adaptation strategies, through the use of tools and indicators such as carbon footprint and water footprint.



### Weaving trust

This case study aims to share the knowledge captured in social innovation projects in Latin America with public policymakers, especially in local stakeholders, with civil society organizations, academia and other stakeholders. In this particular instance, the study presents a model of local and comprehensive development in La Guajira, northern Colombia, co-created with Wayúu communities, which incorporates their worldview and its culture as a differential approach.



### Sustainability Report 2019

This new edition of the Sustainability Report presents the actions implemented in each of the axes of Efficiency, Equity, Sustainability, Institutions and Integration, as well as the concrete progress made in 2019, with an emphasis on the contributions to the fulfillment of national, regional and global objectives in the economic, social and environmental fields. In its 50 years of operation, CAF has gained ample knowledge of the potential and strengths of Latin American countries, in a permanent transformation process that matches local problems with global actions based on sustainable development, the impact of expected technological innovations and the expected medium- and long-term effects for Latin America.



2020

# Management's review of CAF's financial evolution

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# M

## anagement's discussion and analysis of financial condition

Amid the global challenges posed by COVID-19 pandemic in 2020, 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 14.1billion) and disbursements (USD 10.4 billion), mainly directed toward medium and long-term project financing.

During 2020, Credit rating agencies Moody's, Standard & Poor's and JCR affirmed CAF's ratings (Aa3/A+/AA), while in January 2020 Fitch downgraded CAF's ratings to A+, with a negative outlook, given the worsening of macroeconomic conditions of some CAF's shareholders. In June 2020, S&P revised CAF's ratings outlook to stable, from negative, highlighting its shareholders' support, robust liquidity and funding profile. Moody's and JCR kept CAF's ratings in outlook stable.

**TABLE 1.**  
Credit Ratings

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

As of December 31, 2020

<sup>1</sup> In January 2021, Fitch Ratings revised the Outlook on CAF's Long-Term rating to Stable, from Negative, and affirmed the rating at A+.

CAF's credit ratings positioned the institution among Latin American issuers with the highest credit ratings. These reflect the ongoing shareholders' support, its equity strength, its prudent liquidity management and loan portfolio diversification.

The continuous shareholders' paid-in capital increases have allowed CAF to sustain its loans portfolio's growth, keeping its robust capitalization ratios. During 2020, CAF's shareholders made paid-in capital contributions for a total of USD 604.5 million. It is important to highlight that, in November 2020, Mexico subscribed its incorporation as a CAF's full member shareholder which will add to the CAF's equity strengthening in the following years.

Operating income in 2020 was USD 314 million. Although this figure was lower than the historical record of 2019, it was the second highest operating income in the last 5 years. During 2020, the performance of net interest income reflected the decrease of the liquid asset's profitability, due to the significant reduction of the average Libor, which recorded 0.69% during the year, compared to 2.32% in 2019. The effect of the drastic reduction in global interest rates was mitigated with the higher liquidity and loan portfolio average balances. During 2020, the main profitability indicator - Return on Equity (ROE) - was 2.44%.

In 2020, CAF completed 29 bond issuances for an approximate amount of USD 3.95 billion in the international capital markets, including three global benchmarks, one in Euros and two in US dollars for an accumulated amount of USD 2.3 billion. One of the most important milestones achieved in 2020 was the first CAF's public Social Bond issued in June 2020, addressed to cope the COVID-19 consequences in its shareholders. This issuance consolidated CAF as a regional leader issuer of socially responsible debt securities. In addition, in September 2020, CAF completed its first green bond issuance in the Swiss market for

CAF'S CREDIT RATINGS POSITIONED THE INSTITUTION AMONG LATIN AMERICAN ISSUERS WITH THE HIGHEST CREDIT RATINGS. THESE REFLECT THE ONGOING SHAREHOLDERS' SUPPORT, ITS EQUITY STRENGTH, ITS PRUDENT LIQUIDITY MANAGEMENT AND LOAN PORTFOLIO DIVERSIFICATION.

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

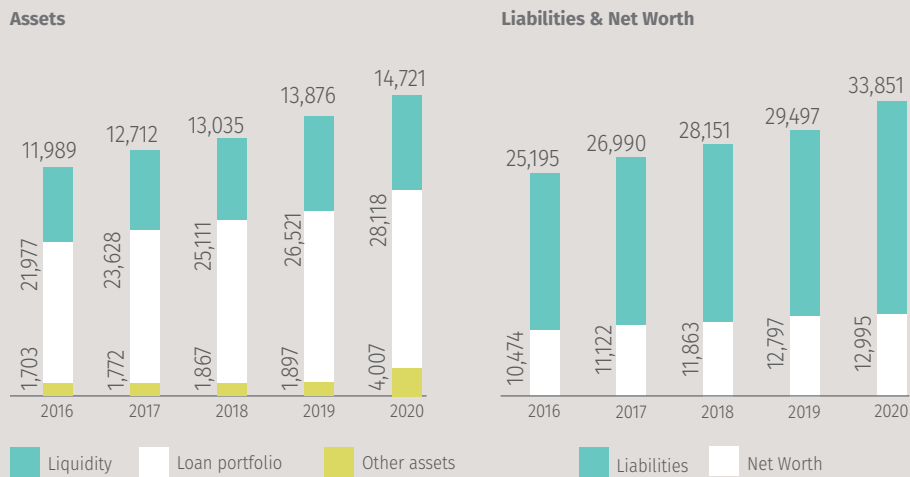


CHF 350 million. Moreover, CAF continued diversifying its bonds placements, reaching bond issuances in 16 different currencies at the end of 2020.

Regarding short-term borrowings, time deposits reached a year-end balance of USD 3,338 million. Commercial papers in the United States and European markets were another important source of funds, with a closing balance of around USD 1,599 million.

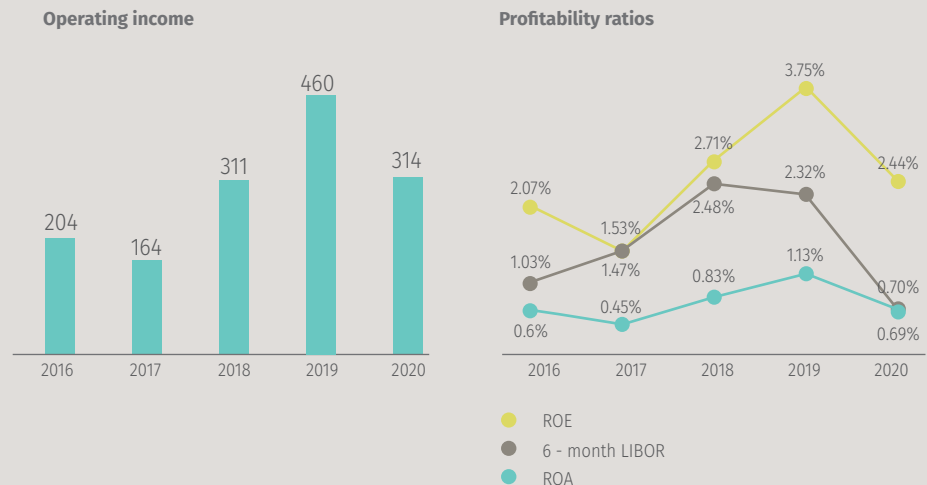
**FIGURE 1.**  
**Balance Sheet**

As of December 31 of each year (in millions of USD)



**FIGURE 2.**  
**Operating Income and Profitability**

As of December 31 of each year (in millions of USD)



## Summary of financial statements

During 2020, CAF's total assets reached USD 46,846 million, representing a 10.8% increase compared to the previous year (Figure 1). The loan portfolio closed at USD 28,118 million, 6.0% higher than the previous year, and liquidity reached USD 14,721 million, 6.1% higher than the prior year, and equivalent to 31.4% of the total assets and 46.7% of total financial liabilities.

During 2020, CAF's capitalization ratios continued strengthening, driven by the shareholders' equity contribution, as well the institution's profitable and prudent growth. At year-end 2020, CAF's total net worth was USD 12,995 million with paid-in capital of USD 5.4 billion, additional paid-in capital of USD 4.0 billion and USD 3.7 billion in the form of reserves and retained earnings. At the end of 2019, net worth represented 27.7% of total assets.

During 2020, CAF maintained its favorable operating results, despite the high volatility of global financial markets. Net interest income reached USD 486 million, as a result of the reduction of the profitability of liquid assets and loan portfolio, given the significant decrease of LIBOR during the year.

Operating income was USD 314 million in 2020, its second highest figure in the last 5 years, reflecting CAF's resilience to the challenging operating environment of 2020. ROE and the Return on Assets (ROA) closed at 2.4% and 0.7%, respectively. (Figure 2).

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## Loan portfolio

CAF's loan portfolio continues reflecting a sustained growth, coupled with solid asset quality indicators. At year-end 2020, the loan portfolio reached USD 28.1 billion, which represents an increase of 6.0% compared to the USD 26.5 billion of the previous year.

The loan portfolio distribution continued to be largely concentrated in public sector projects, representing 91.6% of the total portfolio as of December 31, 2020. Regarding the distribution of the loan portfolio by country, Ecuador had the largest exposure with 14.7% of the total loan portfolio, followed by Argentina with 13.3%, Venezuela with 11.4%, Colombia with 10.0%, Brazil with 9.4%, Bolivia with 9.1%, Panama with 7.4%, Peru with 5.5%, Paraguay with 3.9%, Trinidad and Tobago with 3.8%, Uruguay with 3.5%, Mexico with 3.2%, Costa Rica with 2.0%, Chile with 1.6% and the balance comprised by Dominican Republic, and Barbados. The increasing participation of the new full-member shareholders contributes to the diversification of the loan portfolio. Hence, the new full-members accounted for 41.3% of the loan portfolio at year-end 2020.

The leading development projects by sectors financed by CAF in 2020 were social and other infrastructure programs, which represented 37.3% of the loan portfolio, transport, warehousing and communications with 29.0% electricity, gas and water supply with 23.2% and financial services with 9.8%.

At year-end 2020, loan portfolio metrics continued in robust levels, with a non-accrual ratio of 0.25% of the total loan portfolio and provisions for loan losses of USD 95 million or 0.34% of the loan portfolio (Table 2). In 2020, there were no loans written off.

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

	2016	2017	2018	2019	2020
Overdues	7.5	94.7	124.3	129.1	0.0
Loans in non-accrual status	120.8	138.7	112.7	69.8	69.1
Allowance for loan losses	63.7	67.2	64.8	91.6	95.0
Overdue as a percentage of loan portfolio	0.0%	0.4%	0.5%	0.5%	0.0%
Overdue as a percentage of loan portfolio	0.55%	0.59%	0.45%	0.26%	0.25%
Allowance as a percentage of loan portfolio	0.29%	0.28%	0.26%	0.35%	0.34%



## Liquid assets

CAF maintains strict compliance with its prudent liquidity policies, which require that at least 90% of its liquid assets have to be held in instruments with credit ratings of at least A-/A3. As of December 31, 2020, liquid assets totaled USD 14.7 billion, equivalent to 31.4% of total assets. The investment portfolio was characterized by its short duration, which averaged 0.44 years. As evidence of its excellent credit rating, this portfolio had an average rating of AA/Aa2.

## Funding

CAF maintains an ample diversification of funding sources, among currencies and jurisdictions, which reflects its access to global financial markets. At year-end 2020, total financial liabilities were USD 31.5 billion, while total liabilities reached USD 33.9 billion.

During 2020, CAF was very active in the international bond markets, even amid the challenges posed by the COVID-19 pandemic. The institution completed 29 bond issuances for an approximate amount of USD 4.0 billion. Additionally, CAF continued diversifying its geographic distribution, issuing in 10 different currencies around the world.

In 2020, CAF completed three global benchmark issuances, one in Euros and two in U.S. dollars for an accumulated amount of USD 2.3 billion. These issuances were very successful, given the diversification of CAF's investor base.

One of the most important milestones achieved in 2020 was the transaction in the European market, which represented the first CAF's public Social Bond issuance. CAF created its Social Bond program framework, which aimed to support shareholders to face COVID-19 pandemic. In October 2020, Sustainalytics certified that this Program is

in line with the “Social Bond Program Principles 2020”. This program consolidated CAF as a regional leader issuer of socially responsible debt securities.

CAF also completed 5 issuances under the private debt program in Uruguay to meet specific financing needs in local currency. This program will be used to co-finance projects with the *Infrastructure Finance Debt Vehicle in Uruguay* (VEFIU).

Additionally, CAF continued with its strategy of positioning as a frequent issuer in the Swiss and Japanese markets. During 2020, CAF completed 5-year issuances in Swiss francs and Japanese yens. The Swiss issuance was the second CAF’s public green bond issuance. Also, there were private placements in Mexican pesos, Colombian pesos, Uruguayan Pesos, New Zealand Dollars, Australian Dollars and Kazakhstani Tenge, reaching a total of 16 different currencies in its bond portfolio.

Regarding short-term borrowings, CAF has increased its presence in the commercial paper markets in the United States and Europe. Borrowing spreads remained very competitive in 2020.

Time deposits also represented an important source of short-term funding, reaching USD 3,338 million at year-end 2020. These instruments have maintained their importance as a competitive and stable source of funding.

CAF’s robust liquidity balance, coupled with its conservative financial liabilities profile, given the concentration of long-term financing, has been strengthening CAF’s financial metrics, which is acknowledged by rating agencies.

Regarding medium and long-term loans from development financial institutions, international agencies and multilateral banks, during 2020 CAF strengthened its business relationships with existing partners, as well as identified new ones, with the objective of supporting the strategic priorities of CAF’s business areas. In addition, CAF made efforts to contract funding in local currencies to finance projects in the region. Some of the business partners with which CAF has entered in new deals for green projects for

ONE OF THE MOST IMPORTANT MILESTONES ACHIEVED IN 2020 WAS THE TRANSACTION IN THE EUROPEAN MARKET, WHICH REPRESENTED THE FIRST CAF’S PUBLIC SOCIAL BOND ISSUANCE. CAF CREATED ITS SOCIAL BOND PROGRAM FRAMEWORK, WHICH AIMED TO SUPPORT SHAREHOLDERS TO FACE COVID-19 PANDEMIC.

the mitigation of climate change are the Japan Bank for International Cooperation (JBIC), The French Development Agency (AFD) and Cassa Depositi e Prestiti (CdP) .

Regarding its catalyst role in the region, CAF has been working on fostering co-financing as a tool for resources mobilization. In addition, CAF focused its syndication efforts in supporting private sector needs, which was reflected in higher loans participation agreements in this sector.

As of December 31, 2020, 84.1% of CAF's total indebtedness stemmed from international capital markets. The main source of funding was bond issuances, representing 79.0% of financial liabilities (Figure 3) and commercial papers with 5.1%. Additionally, deposits received accounted for 10.6% and other medium- and long- term loans and credit lines with 5.3%.

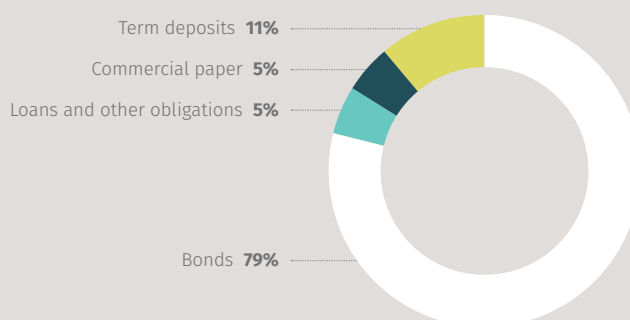
Details of CAF's 2019 bond issues are shown in Table 3.

**TABLE 3.**  
2020 Bond Issues in the  
International Markets

Date	Market	Amount in original currency of issuance (in millions)	Equivalent in millions of USD
<b>Bond Issuance</b>			
May	U.S.	USD 800	800
June	Europe	EUR 700	770
September	Europe	CHF 350	382
September	U.S.	USD 750	750
	Private placements		1,248
	<b>Total 2020</b>		<b>3,950</b>
<b>Short-Term Issuance Programs</b>			
	Commercial paper (USA)	USD 3,000	
	Commercial paper (Europe)	EUR 3,000	



**FIGURE 3.**  
Financial Liabilities  
as of December 31, 2020



## Capital

During 2020, CAF received USD 604.5 million in equity 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 capital contributions began in 2017.

At year-end 2020, total stockholders' equity reached USD 13.0 billion, 1.5% higher than the amount recorded in 2019, strengthened by equity contributions made by shareholder countries and retained earnings.

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

**TABLE 4.**  
Capitalization Ratios

	2016	2017	2018	2019	2020
Gearing (times) <sup>1</sup>	2.1	2.2	2.2	2.1	2.2
Leverage (times) <sup>2</sup>	2.3	2.3	2.3	2.2	2.4
Equity/Total Assets	29.4%	29.2%	29.6%	30.3%	27.7%

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

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

## 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 U.S. dollars and in floating rates. As of December 31, 2020, 99.7% of assets, and 98.4% of liabilities were denominated in U.S. Dollars after swaps, while 91.1% of the loans and 91.5% 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 25.9 billion at year-end 2020. CAF's policies establish that swap counterparties must be rated at least A-/A3 and have a credit support annex (CSA). Thus, CAF has established CSAs 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 for speculation purposes. Derivative instruments are used only for hedging purposes.

As of December 31, 2020, the average life of its assets was 4.0 years and that of its liabilities 3.8 years, which is considered as conservative, given it does not take into account the high stake of assets that are financed with equity.

Management's  
discussion  
and analysis  
of financial  
condition

AT YEAR-END 2020, TOTAL STOCKHOLDERS' EQUITY REACHED USD 13.0 BILLION, STRENGTHENED BY EQUITY CONTRIBUTIONS MADE BY SHAREHOLDER COUNTRIES AND RETAINED EARNINGS.

# 2020

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## Financial Statements

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## 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 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.

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, 2020, 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, 2020.

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, 2020, 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 Independent Auditor’s Report on Internal Control over Financial Reporting, which is included in this document, expresses an unmodified opinion on CAF’s internal control over financial reporting as of December 31, 2020.



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



**Luis Carranza Ugarte**  
Executive President



**Renny Alberto López**  
Vice-President of Risk

February 3, 2021

## **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, 2020, 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**

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, **CAF** maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, 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, 2020 and 2019, and our report dated February 3, 2021 expressed an unmodified opinion on those financial statements.



February 3, 2021  
Caracas, Venezuela

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## **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, 2020 and 2019, 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 **CAF** as of December 31, 2020 and 2019, 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, 2020, 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 3, 2021 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 3, 2021  
Caracas, Venezuela

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# Corporación Andina de Fomento (CAF)

## Balance Sheets

As of December 31, 2020 and 2019

(In thousands of U.S. dollars)

	<b>NOTES</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
Cash and due from banks		123,204	103,593
Deposits with banks		2,825,086	2,417,476
Cash and due from banks and deposits with banks	<b>3</b>	<u>2,948,290</u>	<u>2,521,069</u>
Marketable securities:			
Trading	<b>4 and 19</b>	10,961,847	10,357,805
Other investments	<b>5</b>	811,205	996,917
Loans (US\$ 2,088,750 and US\$ 139,768 at fair value as of December 31, 2020 and 2019 respectively)	<b>6 and 19</b>	28,117,867	26,520,618
Less loan commissions, net of origination costs		134,011	110,706
Less allowance for loan losses	<b>6</b>	95,015	91,642
Loans, net		<u>27,888,841</u>	<u>26,318,270</u>
Accrued interest and commissions receivable		386,625	531,793
Equity investments	<b>7</b>	432,600	463,825
Derivative financial instruments	<b>18 and 19</b>	1,766,932	426,260
Property and equipment, net	<b>8</b>	111,734	112,318
Other assets	<b>9</b>	<u>1,537,829</u>	<u>565,377</u>
<b>TOTAL</b>		<u><u>46,845,903</u></u>	<u><u>42,293,634</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits (US\$ 24,101 and US\$ 60,594 at fair value as of December 31, 2020 and 2019 respectively), net	<b>10 and 19</b>	3,337,574	2,672,925
Commercial paper	<b>11</b>	1,598,696	908,133
Borrowings from other financial institutions (US\$ 792,217 and US\$ 403,912 at fair value as of December 31, 2020 and 2019 respectively), net	<b>12 and 19</b>	1,672,301	1,390,218
Bonds (US\$ 24,706,736 and US\$ 22,998,554 at fair value as of December 31, 2020 and 2019 respectively), net	<b>13 and 19</b>	24,882,419	23,161,362
Accrued interest payable		308,986	403,560
Derivative financial instruments	<b>18 and 19</b>	404,842	642,725
Accrued expenses and other liabilities	<b>14</b>	<u>1,646,184</u>	<u>317,983</u>
Total liabilities		<u>33,851,002</u>	<u>29,496,906</u>
<b>STOCKHOLDERS' EQUITY :</b>			
Subscribed capital	<b>16</b>	7,867,755	8,095,260
Less callable capital portion		1,589,660	1,589,660
Less capital subscriptions receivable		912,045	1,124,885
Paid-in capital		<u>5,366,050</u>	<u>5,380,715</u>
Additional paid-in capital		3,961,900	3,988,884
Reserves		3,427,129	3,101,547
Retained earnings		<u>239,822</u>	<u>325,582</u>
Total stockholders' equity		<u>12,994,901</u>	<u>12,796,728</u>
<b>TOTAL</b>		<u><u>46,845,903</u></u>	<u><u>42,293,634</u></u>

Notes are considered as an integral part of the financial statements, see notes to the financial statements at <http://sciotecca.caf.com>

# Corporación Andina de Fomento (CAF)

## Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)

	NOTES	2020	2019
Interest income:			
Loans	<b>2 (g)</b>	837,815	1,157,279
Investments and deposits with banks	<b>2 (e), 3 and 4</b>	203,211	413,260
Loan commissions	<b>2 (g)</b>	40,139	41,252
Total interest income		1,081,165	1,611,791
Interest expense:			
Bonds		523,480	825,821
Borrowings from other financial institutions		30,768	44,734
Deposits		18,285	49,547
Commercial paper		10,488	21,207
Commissions		12,136	9,768
Total interest expense		595,157	951,077
Net interest income		486,008	660,714
Provision for loan losses	<b>6</b>	2,923	52,395
Net interest income, after provision for loan losses		483,085	608,319
Non-interest income:			
Other commissions		2,327	2,823
Dividends and equity in earnings of investees	<b>7</b>	6,979	1,624
Other income		8,411	10,045
Total non-interest income		17,717	14,492
Non-interest expenses:			
Administrative expenses		149,324	154,807
Other expenses		37,552	7,923
Total non-interest expenses		186,876	162,730
Income before unrealized changes in fair value related to other financial instruments and contributions to Stockholders' Special Funds		313,926	460,081
Unrealized changes in fair value related to other financial instruments	<b>20</b>	(2,089)	(5,273)
Income before contributions to Stockholders' Special Funds, net		311,837	454,808
Contributions to Stockholders' Special Funds	<b>22</b>	72,015	129,226
Net income and total comprehensive income		239,822	325,582

Notes are considered as an integral part of the financial statements, see notes to the financial statements at <http://scioteca.caf.com>

# Corporación Andina de Fomento (CAF)

## Statements of Stockholders' Equity

For the years ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)

	Note	Reserves					Retained earnings	Total stockholders' equity
		Paid-in capital	Additional paid-in capital	General reserve	Article N° 42 of the Constitutive Agreement	Total reserves		
BALANCES AT DECEMBER 31, 2018		5,166,720	3,595,133	2,384,770	493,200	2,877,970	223,577	11,863,400
Capital increase	<b>16</b>	213,995	393,751	-	-	-	-	607,746
Net income and total comprehensive income	<b>16</b>	-	-	-	-	-	325,582	325,582
Appropriated for general reserve	<b>16</b>	-	-	201,177	-	201,177	(201,177)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	<b>16</b>	-	-	-	22,400	22,400	(22,400)	-
BALANCES AT DECEMBER 31, 2019		5,380,715	3,988,884	2,585,947	515,600	3,101,547	325,582	12,796,728
Capital increase	<b>16</b>	212,840	391,625	-	-	-	-	604,465
Capital decrease due to shares' repurchase	<b>6</b>	(227,505)	(418,609)	-	-	-	-	(646,114)
Net income and total comprehensive income	<b>16</b>	-	-	-	-	-	239,822	239,822
Appropriated for general reserve	<b>16</b>	-	-	292,982	-	292,982	(292,982)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	<b>16</b>	-	-	-	32,600	32,600	(32,600)	-
BALANCES AT DECEMBER 31, 2020		5,366,050	3,961,900	2,878,929	548,200	3,427,129	239,822	12,994,901

Notes are considered as an integral part of the financial statements, see notes to the financial statements at <http://scioteca.caf.com>



# Corporación Andina de Fomento (CAF)

## Statements of Cash Flows

For the years ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)

	<b>NOTES</b>	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES:</b>			
Net income and total comprehensive income		239,822	325,582
Adjustments to reconcile net income to net cash used in operating activities:			
Unrealized gain on trading securities	<b>4</b>	(20,837)	(51,964)
Loan commissions, net of amortization of origination costs		(15,201)	(14,544)
Provision for loan losses	<b>6</b>	2,923	52,395
Impairment charge for equity investments	<b>7</b>	5,977	2,874
Unrealized changes in fair value related to equity investment	<b>7</b>	18,722	(8,000)
Equity in earnings of investees	<b>7</b>	1,533	3,225
Amortization of deferred charges		3,547	3,119
Depreciation of property and equipment	<b>8</b>	8,231	7,030
Provision for employees' severance benefits		12,799	13,020
Provision for employees' savings plan		879	932
Unrealized changes in fair value related to other financial instruments		2,089	5,273
Net changes in operating assets and liabilities:			
Trading securities, net		(579,216)	(651,729)
Accrued interest and commissions receivable		145,168	(8,695)
Other assets		(8,263)	(9,585)
Accrued interest payable		(94,574)	9,327
Severance benefits paid or advanced		(5,632)	(11,345)
Employees' savings plan paid or advanced		233	(3,730)
Accrued expenses and other liabilities		22,996	177,234
		<u>(498,626)</u>	<u>(485,163)</u>
Total adjustments and net changes in operating assets and liabilities			
Net cash used in investing activities		<u>(258,804)</u>	<u>(159,581)</u>
<b>INVESTING ACTIVITIES:</b>			
Purchases of other investments	<b>5</b>	(3,171,778)	(4,824,185)
Maturities of other investments	<b>5</b>	3,357,490	4,486,018
Loan origination and principal collections, net	<b>6</b>	(2,050,142)	(1,407,006)
Equity investments, net	<b>7</b>	4,993	(2,257)
Property and equipment, net	<b>8</b>	(7,647)	(13,302)
		<u>(1,867,084)</u>	<u>(1,760,732)</u>
Net cash used in investing activities			
		<u>(2,125,888)</u>	<u>(1,920,313)</u>
	<i>Carried forward</i>		

Notes are considered as an integral part of the financial statements, see notes to the financial statements at <http://scioteca.caf.com>

# Corporación Andina de Fomento (CAF)

## Statements of Cash Flows

For the years ended December 31, 2020 and 2019  
(In thousands of U.S. dollars)

	<b>NOTES</b>	<b>2020</b>	<b>2019</b>
<i>Brought forward</i>		(2,125,888)	(1,920,313)
<b>FINANCING ACTIVITIES:</b>			
Net increase (decreases) in deposits	<b>10</b>	665,306	(537,620)
Proceeds from commercial paper	<b>11</b>	18,224,698	7,446,271
Repayment of commercial paper	<b>11</b>	(17,534,135)	(7,179,433)
Net decrease in derivative-related collateral		325,875	215,256
Proceeds from issuance of bonds	<b>13</b>	3,950,027	3,370,170
Repayment of bonds	<b>13</b>	(3,904,211)	(2,296,329)
Proceeds from borrowings from other financial institutions		922,463	333,582
Repayment of borrowings from other financial institutions		(701,379)	(239,928)
Proceeds from issuance of shares	<b>16</b>	604,465	607,746
Net cash provided by financing activities		2,553,109	1,719,715
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS		427,221	(200,598)
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR		2,521,069	2,721,667
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT END OF THE YEAR		2,948,290	2,521,069
<b>SUPPLEMENTAL DISCLOSURE:</b>			
Interest paid during the year		668,793	920,093
<b>NONCASH FINANCING ACTIVITIES:</b>			
Principal collections	<b>6</b>	646,114	500,000
Capital decrease	<b>6</b>	(646,114)	-
Loan origination	<b>6</b>	-	(500,000)
Change in derivative instruments assets		(1,340,672)	(241,455)
Change in derivative instruments liabilities		(237,883)	(234,059)

Notes are considered as an integral part of the financial statements, see notes to the financial statements at <http://scioteca.caf.com>

# Corporación Andina de Fomento (CAF)

## Governing bodies and chief corporate officers

### Shareholders' Meetings<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 Shareholders' Meeting is formed by Series A, B and C shareholders. The Shareholders' Meeting 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 period of one year, 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 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, the Executive President 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 can be re-elected.

1. The LI Ordinary Shareholders Meeting and the XVIII Extraordinary shareholders Meeting were held on 3rd March, 2020.
2. There were three Meetings of the Board of Directors in 2020: 3rd March (CLXVIII Board Meeting), 7th July (Board Meeting) and 1st December (CLXX Board Meeting).
3. Two Audit Committee Meetings were held in 2020: 2nd March (Audit Committee Meeting) and 30th November (XXXVI Audit Committee Meeting).

# Corporación Andina de Fomento (CAF)

## Board of Directors 2020-2023

### President of the Board

(April 1st 2020 – March 31st 2021)

#### **Mauricio Pozo**

Minister of Economy and Finance of Ecuador

### Series “A” Shareholders 2020-2023

#### ARGENTINA

##### **Principal: Gustavo Béлиз**

Secretary for Strategic Affairs

##### **Alternate: Christian Asinelli**

Deputy Secretary of International Financial Relations for Development

#### ECUADOR

##### **Principal: Roberto Dunn**

President of the Board of Directors Corporación Financiera Nacional

##### **Alternate: Eduardo González**

General Manager Corporación Financiera Nacional

#### TRINIDAD AND TOBAGO

##### **Principal: Colm Imbert**

Ministro de Finanzas

##### **Alternate: Alvin Hilaire**

Gobernador, Banco Central de Trinidad and Tobago

#### BOLIVIA

##### **Principal: Felima Gabriela**

**Mendoza** Minister of Development Planning

##### **Alternate: Harley Rodríguez**

Vice-Minister of Public Investment and External Financing

#### PANAMA

##### **Principal: Héctor Alexander**

Minister of Economy and Finance

##### **Alternate: Javier Carrizo**

General Manager Banco Nacional de Panamá

#### URUGUAY

##### **Principal: Azucena Arbeleche**

Minister of Economy and Finance

##### **Alternate: Diego Labat**

President of the Central Bank of Uruguay

#### BRAZIL

##### **Principal: Roberto Fendt**

Special Secretary of Foreign Trade and International Affairs

Ministry of Economy

##### **Alternate: Erivaldo Alfredo**

**Gomes** Secretary of International Economic Affairs Ministry of Economy

#### PARAGUAY

##### **Principal: Óscar Llamosas**

Minister of Finance

##### **Alternate: Carmen Marín**

Vice-Minister of Economy

#### VENEZUELA

##### **Principal: José Félix Rivas**

Head of the National Office of Public Credit

##### **Alternate: Román Maniglia**

Vice-Minister of the Banking and Insurance System

#### COLOMBIA

##### **Principal: Alberto Carrasquilla**

Minister of Finance and Public Credit

##### **Alternate: José Manuel**

**Restrepo** Minister of Commerce, Industry and Tourism

#### PERU

##### **Principal: Waldo Mendoza**

Minister of Economy and Finance

##### **Alternate: Betty Sotelo**

Vice-Minister of Finance

### Series “B” Shareholders 2020-2023

#### BOLIVIA

##### **Principal: Marcelo Montenegro**

**Gómez** Minister of Economy and Public Finance

##### **Alternate: Sergio Cusicanqui**

Vice-Minister of Treasury and Public Credit

#### VENEZUELA

##### **Principal: Héctor Obregón**

Presidente

Banco de Desarrollo Económico and Social de Venezuela

(BANDES)

##### **Alternate: Luis Pérez González**

Cicepresidente Ejecutivo, Banco de Desarrollo Económico and Social de Venezuela (BANDES)

#### COLOMBIA

##### **Principal: Juan José**

**Echavarría Soto**

General Manager

Banco de la República

##### **Alternate: Luis Alberto**

**Rodríguez** General Director

National Planning Department

#### ECUADOR

##### **Principal: Mauricio Pozo**

Minister of Economy and Finance

##### **Alternate: Verónica Elizabeth**

**Artola** General Manager

Central Bank of Ecuador

#### PERU

##### **Principal: Carlos Linares**

President of the Board of Directors

Corporación Financiera de

Desarrollo (COFIDE)

##### **Alternate: Mario Arróspide**

Vice-Minister of Economy

#### BANCA PRIVADA

##### **Principal: Angelo Caputi**

Executive President

Banco Guayaquil

##### **Alternate: Martín Naranjo**

President

Association of Banks of Peru

### Series “C” Shareholders 2018-2021

#### SPAIN

##### **Principal: Nadia Calviño**

Minister of Economic Affairs and Digital Transformation

#### DOMINICAN REPUBLIC

##### **Alternate: José Manuel Vicente**

Minister of Finance

#### MEXICO

##### **Principal: Arturo Herrera Gutiérrez**

Secretary of Finance and Public Credit

#### CHILE

##### **Alternate: Pablo Terrazas**

Executive Vice-President

Corporación de Fomento de la Producción (CORFO)



# Corporación Andina de Fomento (CAF)

## Executive Management (as of December 31, 2020)

Executive President **Luis Carranza Ugarte**  
Executive Vice President **Renny López (Acting)**  
General Manager, CAF-AM **Anna María Carrasquilla**

Legal Counsel **Octavio Rosselli**  
Director, Non-sovereign Risk Legal Affairs **Rosalía Román**  
Director, Sovereign-Risk Legal Affairs **Antonio Urdaneta**

Secretary General **Víctor Rico Frontaura**  
Direction of Strategic Communication **Andrés Zamora (Acting)**  
Director, Secretariat and External Relations **Luis Mayaute**  
Director, Regional Initiatives **Ana María Sanjuán**  
Director, Social Innovation **Ana Mercedes Botero**  
Representative, Europe **José Antonio García-Belaúnde**

General Auditor **Javier Arrieta**  
Vice President, Administration **Elvira Lupo**  
Director, Innovation and Collaboration **Germán Alzate**  
Direction of Logistic and Administrative Services **Zorlin Tahan (Acting)**  
Director, Physical Infrastructure Development and Maintenance **Decia Paradisi**  
Direction of Planning and Administrative Accounting **Luis Felipe Sánchez (Acting)**  
Direction of Accounting **Franca Capobianco (Acting)**  
Director, Human Capital **Leopoldo Gómez**  
Director, Operations Control **Renato Castellanos**  
Director, Technological Solutions and Services **Mariuska Mendoza**

Vice President, Risks **Renny López**  
Director, Credit and Investment Risk **Beatriz Álvarez**  
Direction of Special Assets **Ramón Andrade (Acting)**  
Director, Risk Management **Héctor de la Rosa**  
Direction of Portfolio Review **Beatriz Álvarez (Acting)**

Vice Presidency of Country Programs **Bernardo Requena (Acting)**  
Director, Operational Programming **Miguel Ángel Ostos**  
Director, Development Cooperation Funds **Gloria Betancourt**  
Director, Training for Public Management **Laura Calderón**  
Direction of Country Programs **Francisco Prieto (Acting)**  
Representative, Argentina **Santiago Rojas**  
Representative, Bolivia **Gladis Genua**  
Representative, Brazil **Jaime Holguín**  
Representative, Colombia **Carolina España**  
Representative, Ecuador **Daniel Rivera**  
Representative, Mexico **Emilio Uquillas**  
Representative, Panama **Lucía Meza**  
Representative, Paraguay **Joel Branski**  
Representative, Peru **Manuel Malaret**  
Representative, Trinidad and Tobago **Gianpiero Leoncini**  
Representative, Uruguay **Francois Borit**

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

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

Vice President, Private Sector **Jorge Saba Arbache**  
Direction of Financial Development **Jaily Gómez (Acting)**  
Director, Technical Assessment and Analysis for Private Sector **Juan Carlos Elorza**  
Director, Structured Financing **Sergio Robredo**  
Director, Business Development **Ignacio Andino**  
Direction of SMEs Development **Jairo Tiusabá (Acting)**  
Director, Funds and Impact Investments **Jorge Velarde**

Vice President, Sustainable Development **Julián Suárez**  
Direction of Sustainable Development Projects Northern Region **Alberto Peñaherrera (Acting)**  
Director, Sustainable Development Projects Southern Region **Sebastián Abbatemarco**  
Direction of Technical Assessment and Analysis for Sustainable Development **Jorge Concha (Acting)**  
Director, Sustainability, Inclusion and Climate Change **Edgar Salas**

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

# Corporación Andina de Fomento (CAF)

## Offices

### 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, City of Buenos  
Aires C1106ACV  
Telephone: +54 (11) 4318.6400 (main)  
Fax: +54 (11) 4318.6401  
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,  
Edificio Vía Esplanada, Sala 404, Brasilia  
– DF CEP 70070-600  
Telephone: +55 (61) 2191.8600  
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  
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

### 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

### Mexico

Avenida Paseo de la Reforma N° 342,  
Floor 23, Edificio New York Life Seguros  
Monterrey, Colonia Juárez, Delegación  
Cuauhtemoc, Mexico City C.P. 06600  
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

Avenida Santa Teresa N°  
1827, Paseo La Galería, Torre  
2, Floor 25, Asuncion.  
Telephone: +595 (21) 919.9211  
Fax: +595 (21) 695.622  
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

### 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

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