



Annual
Report

2019

Annual Report

2019

An aerial photograph showing a winding asphalt road with white dashed lines and a metal guardrail, curving through a dense, vibrant green forest. In the background, several prominent, jagged, reddish-brown mountain peaks rise against a blue sky with light, wispy clouds. The overall scene is a mix of natural beauty and infrastructure.

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



Shareholder countries

2001	Argentina
2015	Barbados
1970	Bolivia
1995	Brazil
1992	Chile
1970	Colombia
2002	Costa Rica
1970	Ecuador
2002	Spain
1999	Jamaica
1990	Mexico
1997	Panama
1997	Paraguay
1970	Peru
2009	Portugal
2004	Dominican Republic
1994	Trinidad and Tobago
2001	Uruguay
1970	Venezuela



Message from
the Executive
President

Page 6

Highlights

Page 8

Operations and
contributions to
development

Page 10

Training

Page 28

2019

Content



Shareholder countries

Page 36



Integral Development Agenda

Page 66



International relations and alliances for the region's development

Page 94



Knowledge management

Page 102



Management's review of CAF's financial evolution

Page 108

Audited financial statements

Page 120

Governing bodies and chief corporate officers
Page 131

Board of Directors
Page 132

Executive management
Page 133

Offices
Page 134

Message from the Executive President

The slowdown of the global economy, in addition to a tense socio-political environment throughout much of 2019, had an impact on the economies in Latin America. For the seventh consecutive year, growth in the region was below the global average with a GDP increase of only 0.6%.

In this context, CAF's actions have focused on supporting countries' efforts to improve their productive and social infrastructure, as well as institutions for better attention to citizens and more transparent and efficient public action.

We are helping countries face the challenges of improving productivity and addressing citizens' demand for more equal opportunities. In general, the impact of our operations on the development of the region has been positive, especially for the middle classes and vulnerable populations, which are the main beneficiaries of our activities and our reason for being as a development bank.

For example, in 2019, we financed the construction, improvement or rehabilitation of 1,294 km of roads; contributed to increased productivity of 23,213 SMEs; financed energy infrastructure benefiting more than 7 million people; established 3,000 new sewerage connections and 52 km of pipelines for drinking water for nearly 3 million beneficiaries; rehabilitated or built 128,164 m² of educational infrastructure that will benefit 22,680 students; and contributed to a 40,000-ton reduction in carbon emissions.

This year we have also taken important steps to promote the integration of the region, one of the pillars of our founding mandate. With the approval of the Integral Border Management Program (PROGIF), we began to structure comprehensive interventions to facilitate trade and contribute to the development of border regions. In addition, we approved the second stage of the Infrastructure Pre-investment Program for the Region (CAF-PPI) to support the design, formulation and analysis of integration infrastructure projects.

In the financial field, we also made great strides. CAF approved 133 operations with a combined total of USD 13 billion. It is also worth noting that the operating profit reached USD 460 million in 2019, the highest in the past decade, and a 48% increase over 2018.

Bond issues in international markets also showed great dynamism. Fifteen transactions were carried out for approximately USD 3.37 billion, including three benchmark issues, two in the European market and one in the United States. In addition, we completed our first public issuance of green bonds for EUR 750 million, in addition to the private green bonds issued in 2018.

Throughout the year, CAF has made significant progress strengthening skills of public officials in national and sub-national governments, one of



terms of agility and knowledge captured from our operations.

Finally, CAF's commitment to carbon neutrality also led to significant achievements. In 2019, the institution neutralized the greenhouse gas (GHG) emissions it generated from the start of its operations in 1970 up until 2018 by acquiring 162,986 carbon credits from a project in the Peruvian Amazonia that protects and regenerates more than 300,000 hectares of rain forest, eliminating more than 1.5 million tons of carbon dioxide per year and benefiting 400 local chestnut-producing families.

Our actions continue to make a significant difference in the lives of millions of Latin Americans, who can see CAF as a tireless champion of their well-being and the realization of their hopes for a better future. |

the critical areas for achieving more efficient countries with the capacity to respond in a timely manner to the needs of their citizens. CAF's virtual training program, launched in 2017, has become a benchmark for the region, with a total of 22,209 enrollments in 2019.

Another remarkable aspect of our operations in 2019 is the kickoff of activities to celebrate our 50th anniversary. During 2019, in addition to our three annual conferences, we held six seminars in different countries, which contributed to promoting the generation

of knowledge and creating exchange spaces that foster reflection on key issues of regional development.

At the corporate level, operational improvements in internal efficiency were implemented to boost the impact of CAF's interventions in the countries. We continued to work to improve the quality of our operations to facilitate the achievement of development objectives, increased efficiency in the use of resources, and strengthened the institution's competitive advantages in

Luis Carranza
Executive President

The background of the entire page is a complex architectural wireframe. It consists of numerous overlapping, perspective-drawn rectangular and polygonal shapes, some solid and some dashed, creating a sense of depth and structure. The lines are thin and grey, set against a white background. A light blue horizontal band is positioned across the middle of the page, containing the main title and a short paragraph. A vertical orange bar is visible on the far left edge.

2019

Highlights

CAF measures the contributions to development indicators of its approved credit operations each year, specifically from its programs, investment projects, corporate loans, and capital investments. Some of the main highlights from 2019 include:

7,144,665

beneficiaries
of new or better energy
infrastructure

12,002,912

new users
of roads built

USD 38,699,000

increase in total sales of companies
financed by CAF's operations

23,213

SMEs benefited
by operations
through intermediaries

37,300,000 m³

of installed capacity of
wastewater treatment

2,998,350

beneficiaries
of new or improved drinking water
and/or sewerage connections

128,164 m²

of educational infrastructure
built or rehabilitated

40,000 ton

reduction in carbon emissions with
the support of CAF's actions

Total assets

2019

USD 42.3
billion

2018

USD 40.0
billion

Liquid assets

2019

USD 13.9
billion

2018

USD 13.0
billion

Loan and investment portfolio

2019

USD 27.0
billion

2018

USD 25.6
billion

Net equity

2019

USD 12.8
billion

2018

USD 11.9
billion

Operating income*

2019

USD 460
million

2018

USD 311
million

Paid-in capital

2019

USD 9.3
billion

2018

USD 8.8
billion

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



2019

Operations and
contributions to
development



OVER THE COURSE OF 2019, WE HAVE BROADENED THE IMPLEMENTATION OF OUR CORPORATE STRATEGIC FRAMEWORK, WITHIN WHICH CAF HAS REITERATED ITS MISSION TO SUPPORT THE EFFORTS OF SHAREHOLDER COUNTRIES TO ACHIEVE SUSTAINABLE DEVELOPMENT AND REGIONAL INTEGRATION BY OFFERING FINANCIAL INSTRUMENTS AND KNOWLEDGE SERVICES. WE HAVE ALSO STRENGTHENED OUR VISION OF BEING THE MAIN DEVELOPMENT BANK FOR LATIN AMERICA AND THE CARIBBEAN. CAF'S MISSION AND VISION ARE BASED ON FIVE STRATEGIC AREAS: EFFICIENCY, EQUITY, SUSTAINABILITY, INSTITUTIONALITY AND INTEGRATION.

The crossover between these five strategic areas and the five perspectives of CAF's actions (development and integration, finance, corporate culture, internal processes and organizational capacities) gives rise to the Corporate Strategic Map, from which our corporate strategic objectives emerge. These objectives make it possible to land the institutional strategy more precisely and focus CAF's human and financial resources on credit, technical cooperation and knowledge operations, in order to achieve a greater impact on the development of the region through: greater productivity; more and better infrastructure; a stronger financial system and public institutions; and equitable and socially responsible human development.

The impact on the region's development has been measured quantitatively using development contribution indicators, which the institution implemented in 2017, and are grouped into the five strategic areas defined above. The indicators reflect the internal consensus reached regarding the institution's priorities as well as international best practices for measuring multilateral agencies' contributions to development. The contributions to development refer to the aggregate contribution of CAF's actions. In this way, the specific products of operations financed with the institution's credit and technical cooperation resources are measured and reported, as well as an approximation of the

results (beneficiaries) expected to be attained through these actions. These indicators are included in each of the operations approved throughout the year.

Additionally, in 2019, improvements were made in internal operating efficiency to ensure CAF's interventions have greater impact. In this sense, throughout 2019 the implementation of the "project cycle" continued, which is an iterative process of continuous improvement that complements the credit process. The main objective is to improve the quality of operations to facilitate the achievement of development objectives, increase efficiency in the use of resources, strengthen CAF's competitive advantages in terms of agility and capture the knowledge generated with the operations. This was possible thanks to the implementation of international good practices, the standardization of procedures and the reuse of knowledge derived from operations financed by CAF.

Finally, progress was made with different countries in the region that have shown interest in joining as full members of the institution. Mexico, Costa Rica and the Dominican Republic have expressed their interest to CAF's Board of Directors. It is expected that they will complete the necessary incorporation procedures to become full members in the coming months.

Operational Management 2019

APPROVALS

The slowdown in the global economy, combined with the political and social environment of the last quarter of the year, negatively impacted economic activity in the region, which will grow at a rate below global growth for the seventh consecutive year, with an increase in GDP of only 0.6%. In this context, CAF's shareholder countries' demand for financing was largely geared toward budget support operations that served as mitigators of the current macroeconomic challenges that some countries faced. However, an important part of the financing went to long-term investment programs and projects that contribute to the fulfillment of the countries' development objectives.

In 2019, 133 operations were approved for a total financing of USD 13.01 billion, that is, USD 653 million below what was approved in 2018 (see Figure 1).

FIGURE 1.
Total approvals
(in millions of USD)

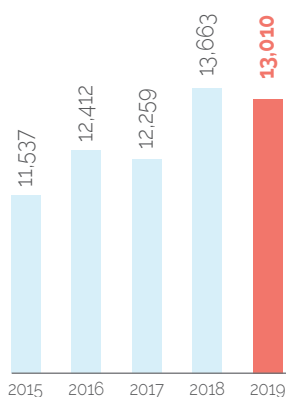


Table 1, which breaks down approvals by type of risk and by product, indicates that 52% of approvals were backed by a sovereign guarantee, including USD 4.2 billion in long-term loans prioritized by CAF in agreement with the governments of our shareholder countries. On the non-sovereign side, CAF granted USD 420 million in corporate and A/B loans, contributing to improved productivity of the companies receiving the financial resources. Finally, USD 30 million was granted in technical cooperation resources to complement the financial support provided by the institution.

TABLE 1.
2019 Approvals
by product
(in millions of USD)



Sovereign	6,743
Loans	4,193
Investment projects and programs	2,243
Policy-based loans (PBLs) and SWAps	1,950
Standby lines of credit	2,050
Financial lines of credit	500
Non-sovereign	6,238
Corporate loans	295
A/B loans	125
A Tranche	35
B Tranche	90
Lines of credit	5,760
Corporate	208
Financial	5,552
Partial credit guarantees	40
Stock holdings and investment funds	18
Development cooperation funds	30
Total approvals	13,010

Among country-specific operations, approvals in Brazil, Colombia and Peru represented 45% of the total approved, mainly in the form of corporate, financial and standby lines of credit granted to these countries (see Table 5).

A breakdown by economic sector reflects the support received by the area of productive infrastructure (energy, transport and telecommunications) in the form of a large variety of initiatives aligned with the countries' development strategies and USD 2.08 billion in approvals. For operations related to the region's sustainable development (water and sanitation, education, and urban development), approvals totaled USD 1.86 billion, reflecting CAF's commitment to the most vulnerable sectors.

On the other hand, USD 2.75 billion was approved in operations related to issues of macroeconomic stability and structural reforms that will allow shareholder countries to accompany their countercyclical programs, through budget support loans and standby liquidity lines of credit.

Finally, in the productive and financial sector, USD 6.32 billion in loans and credit facilities were approved for public and private companies and banks with the objective of strengthening existing client relationships and expanding the client base in these sectors.

MOBILIZATION OF THIRD-PARTY RESOURCES

In 2019, in addition to direct financing, CAF mobilized USD 729 million in third-party resources through an ample range of catalytic mechanisms like co-financings, A/B loans, and technical cooperation funds (see Table 2). Particularly noteworthy are the USD 264 million in sovereign co-financing and USD 345 million in non-sovereign co-financing that contributed to enhance the impact of CAF's actions in the region by complementing and expanding the leverage of the institution's own resources.

TABLE 2.
Mobilization
of Third-Party
Resources, 2019
(in millions of USD)



Sovereign co-financing transactions	264
Non-sovereign co-financing transactions	345
B Tranches	90
Catalytic Technical Cooperation Funds	30
Total mobilization of third-party funds	729
Portfolio sales	42

Furthermore, over the course of the year, portfolio sales in the amount of USD 42 million were made, which created space for new operations.

A BREAKDOWN BY ECONOMIC SECTOR REFLECTS THE SUPPORT RECEIVED BY THE AREA OF PRODUCTIVE INFRASTRUCTURE (ENERGY, TRANSPORT AND TELECOMMUNICATIONS) IN THE FORM OF A LARGE VARIETY OF INITIATIVES ALIGNED WITH THE DEVELOPMENT STRATEGIES OF THE COUNTRIES, WITH APPROVALS OF USD 2.08 BILLION.



Map 1. Main approvals 2019 >

SPECIAL CAF DEVELOPMENT COOPERATION FUNDS AND OTHER MECHANISMS

In 2019, CAF, in its primary role as a driver of significant and sustained impact on the development and integration of the region's countries, continued aligning and linking technical cooperation operations to business with a comprehensive approach at the level of activities and focusing on the five strategic areas of the corporate strategy. Technical cooperation operations in areas that reinforce and strengthen development contributions took into account the countries' needs and requirements, with a high degree of focus on complementarity in the services and products that CAF provides its shareholders, and in relation to strategic and business priorities. The contribution of technical cooperation generates added value for the countries and it is aimed at improving efficiency, equity, sustainability, institutionality and integration.

In 2019, a total of 134 operations were approved with resources from CAF's Special Funds, with USD 30 million for technical cooperation, complementing the institution's financial actions.

Resources from the Technical Cooperation Fund (FCT) financed 97% of total approvals for the year, while the remaining 3% was financed with resources from the Human Development Fund (FONDESHU).

TABLE 3.
Special Funds. Fund Approvals 2019 (number of operations and amounts in millions of USD)



Fund	Number of operations	Approved amount
FCT	128	29
FONDESHU	6	1
Total	134	30

During 2019, the approved operations were targeted to supporting shareholder countries and initiatives to strengthen regional action through multinational projects and programs. Of total approvals, USD 19 million (64%) financed regional initiatives, while the remaining USD 11 million (36%) financed projects and programs in shareholder countries. Two of the multinational initiatives worth highlighting are the Infrastructure Pre-investment Program for the Region — Phase II for USD 10 million, and the Pre-investment Program for the Water Sector — Phase II for USD 5 million.

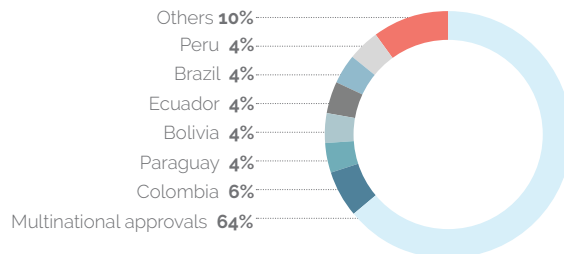
Water Sector

- Final design of the drinking water and irrigation system in Chojña Khota, La Paz.
- Final design study of the drainage system in the Municipality of São Bernardo do Campo.
- Feasibility studies and basic design of the Panama Norte Sanitation Program.
- Feasibility study of the sanitation system in Mariano Roque Alonso and optimization of the final design in intermediate cities.

Infrastructure

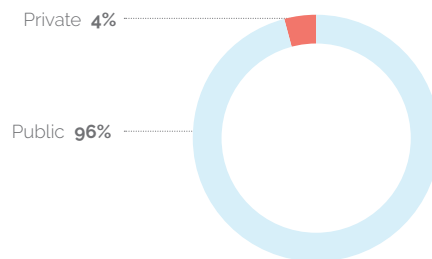
- Transchaco Route 9 Integration Logistics Corridor.
- Regional Digital Hub Integration Project in Panama (R-Ixp).
- Submarine Cable Integration Project "Puerta Digital Asia – South America."
- Integration Bioceanic Railway Corridor (Cfbi).

Approvals by beneficiary



CAF serves its clients in the public and private sectors in shareholder countries providing financial support through technical assistance. The 2019 approvals by institutional sector accounted for 96% (USD 29 million) for the public sector, while USD 1 million financed private sector operations (4%).

Approvals by institutional sector



Also in 2019, resources from CAF's Special Funds were allocated to the strategic area of Integration, in particular, USD 10 million for Phase II of the Infrastructure Pre-investment Program for the Region, a CAF priority. The program finances tasks to support member countries in the design, formulation and pre-investment analysis of integration infrastructure projects deemed priorities by the countries to achieve regional economic and social development. Likewise, in the strategic area of Equity, USD 5 million were allocated to Phase II of the Pre-investment Program for the Water Sector in support of all pre-investment actions and activities required by initiatives, programs and projects deemed priorities by CAF shareholder countries to ensure the completion of their preparation stage and studies under quality standards so that their investment and execution phase starts in a timely and sustainable manner. On the other hand, resources were allocated to three other strategic areas: Institutional (19%), Efficiency (12%) and Sustainability (1%).

Approvals by strategic area

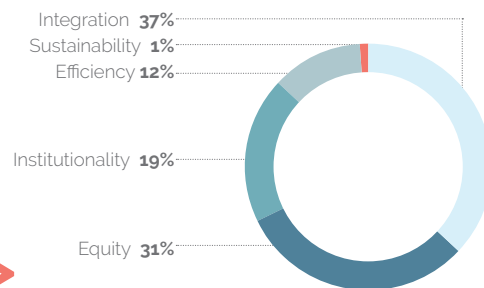
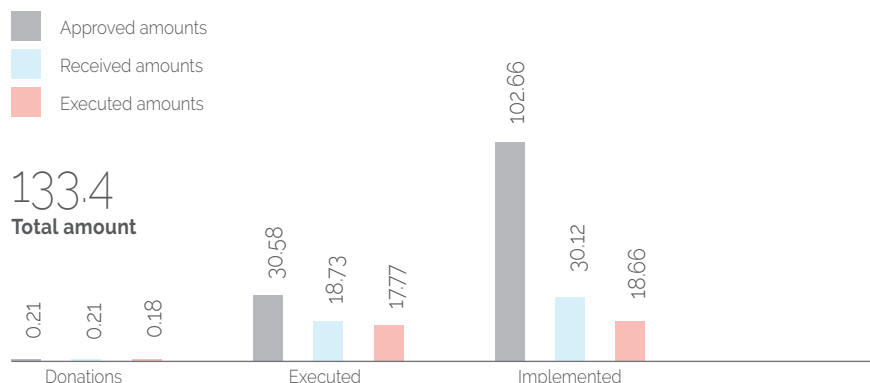


FIGURE 2. Special Funds, Approvals 2019 (in %)

THIRD-PARTY COOPERATION RESOURCES FOR DEVELOPMENT

At the end of 2019¹, third-party resources approved by CAF totaled USD 133.4² million, of which 76.9% corresponded to implemented funds, 22.9% to executed resources, and the remaining 0.2% to project donations. Of the total of these resources, USD 49.1 million had been received and USD 36.6 million had been executed at the end of 2019.

FIGURE 3.
Third-party
resources, 2019
(in millions of USD)

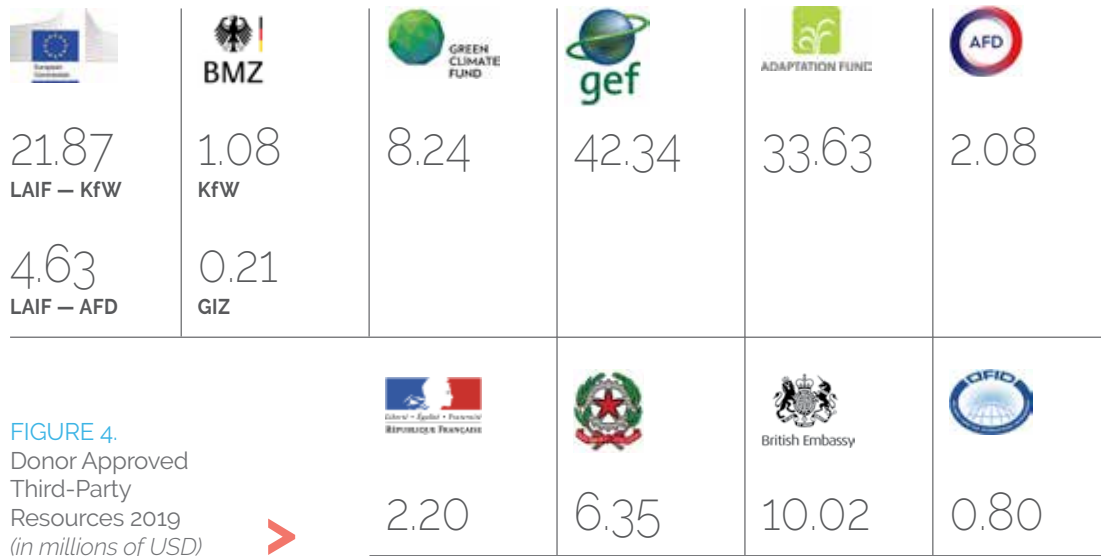


Among the most significant events in 2019, the following are worth highlighting:

- Of the executed resources, contracts for USD 3 million were signed and disbursements for USD 3.8 million were made.
- The Urban Public Transportation Improvement Program, which is one of the LAIF projects, was completed in late December, executing 100% of earmarked resources.
- In the framework of the UK Prosperity Fund for Colombia, USD 4.1 million was approved to manage several projects, including: "Market Survey on Risk Management and Agricultural Insurance" for USD 0.1 million; "Gender Perspective and Inclusion in UK Prosperity Fund Projects" for USD 0.1 million; "Strengthening of the Corporate Governance of the National Infrastructure Agency (ANI)" for USD 0.3 million; "Innovations in Agro-climatic Risk Management" for USD 0.2 million; "Design and Implementation of a System for the Management of Agricultural Risks (SIGRA) in its Agro-climatic Component" for USD 2.0 million; "Aeropuerto del Café" for USD 1.3 million; and "Finagro-Geoagro Geographic Information System" for USD 0.1 million.
- With resources from the Global Environment Fund (GEF), the implementation of the projects "Amazon Sustainable Landscapes Program Phase II" for USD 11.2 million and "Strengthening the blue economy through the development of sustainable fishing in the Caribbean marine ecosystem" for USD 7 million was approved.
- With resources from the United Nations Adaptation Fund, the implementation of the project "Increasing adaptive capacity of local communities, ecosystems and hydroelectric systems in the Rio Blanco upper watershed (Toachi-Pilatón)" was approved for USD 2.7 million.
- The use of the remaining resources of the Italian Cooperation Fund for the project "Strengthening strategic actions for comprehensive fire management in priority and high-risk areas" was approved for USD 0.2 million.
- With resources from the French treasury facility Agence France Trésor (AFT), the execution of the project "Preparation of the technical and economic viability study of the Niteroi VLT project" was approved for USD 0.9 million.
- With resources from the Trust Fund CAF-AFD (French development agency), the implementation of the project "Assessment of the energy efficiency of the Monterrey Water and Drainage Services System (SADM) and a comprehensive strategy to increase the level of its efficiency" was approved for USD 0.7 million.

1. Execution figures at the close of November 30, 2019 and approval figures as of December 15, 2019.
2. Include sums corresponding to Grants and Fees. Ref. exchange rate: EUR: 1.1018 / GBP: 1.2937

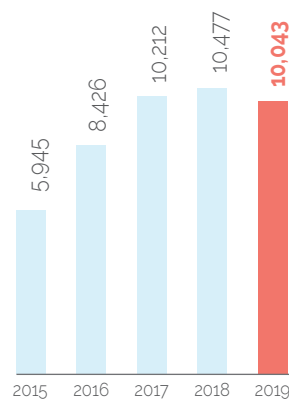
Likewise, in order to increase financing options for the development of the region, CAF continues to move forward with the European Union to gain accreditation to access the resources of the Caribbean Investment Facility.



DISBURSEMENTS

In 2019, the amount disbursed by CAF to its shareholder countries amounted to USD 10 billion, in line with disbursements made in the last two years (see Figure 5), which is mainly a consequence of the dynamic and high turnover of short-term lines of credit. The disbursed amount represents a decrease of 4% over the previous year, equivalent to USD 434 million.

FIGURE 5.
 Total disbursements
 (in millions of USD)



Disbursements of sovereign loans totaled USD 3.2 billion, which reflects CAF's commitment to support the needs of shareholders (see Table 4). In relation to 2019 disbursements with resources from CAF's Special Funds, they amounted to USD 16 million.

TABLE 4.
Disbursements by
product, 2019
(in millions of USD)



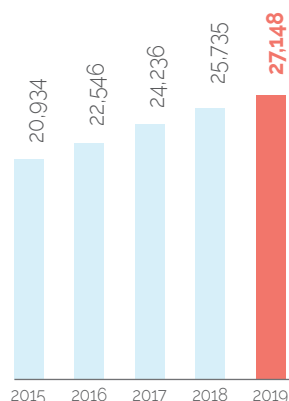
Medium and long-term loans	3,353
Sovereign	3,210
Investment projects and programs	1,202
Policy-based loans (PBLs) and SWAps	2,008
Non-sovereign	143
Credit facilities (companies and banks)	6,593
Stock holdings and investment funds	81
Cooperation funds	16
Total	10,043

Given the use of short-term financial lines of credit in Brazil, Colombia and Peru, 45% of disbursements were concentrated in these three countries, which is in line with the disbursement trend over the last five years (see Table 6). Sovereign disbursements include USD 571 million in Argentina and USD 567 million in Ecuador, as part of CAF's continued support of vital infrastructure projects and works for these countries' development.

CONSOLIDATED PORTFOLIO

CAF's consolidated portfolio, which is made up of the sum of the loan portfolios, shareholdings, quasi-capital investments, sureties and guarantees, was USD 27.1 billion at the end of 2019, representing an annual growth of 5.5% and a net increase of USD 1.4 billion. Of this amount, USD 26.5 billion correspond to loans, USD 464 million to shareholdings and quasi-capital investments, and USD 164 million to guarantees. Portfolio growth in 2019 followed the trend of recent years (see Figure 6), which allows CAF to meet the prioritized demands of its shareholder countries without putting at risk the institution's financial solvency. The sustained growth is mainly explained by two factors. One is the sovereign disbursements executed for investment programs and projects, which contribute to CAF shareholder countries' attaining their development objectives. The other one is policy-based loans and sector-wide approaches, which also help mitigate the adverse impacts of the regional macroeconomic context.

FIGURE 6.
Consolidated portfolio
(in millions of USD)

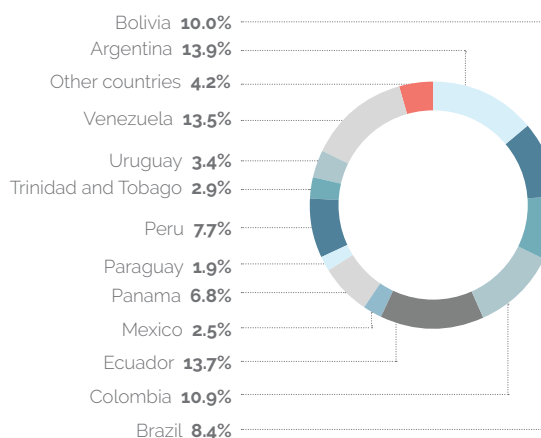


In terms of the type of risk in the consolidated portfolio, 80.4% is sovereign risk and the remaining 19.6% is non-sovereign risk.

The growing trend from previous years of the relative share of sovereign risk in the consolidated portfolio came to a halt this year as a consequence of more dynamic financial lines of credit in support of micro, small and medium-sized companies in the region. In upcoming years, we expect that this support will become increasingly important.

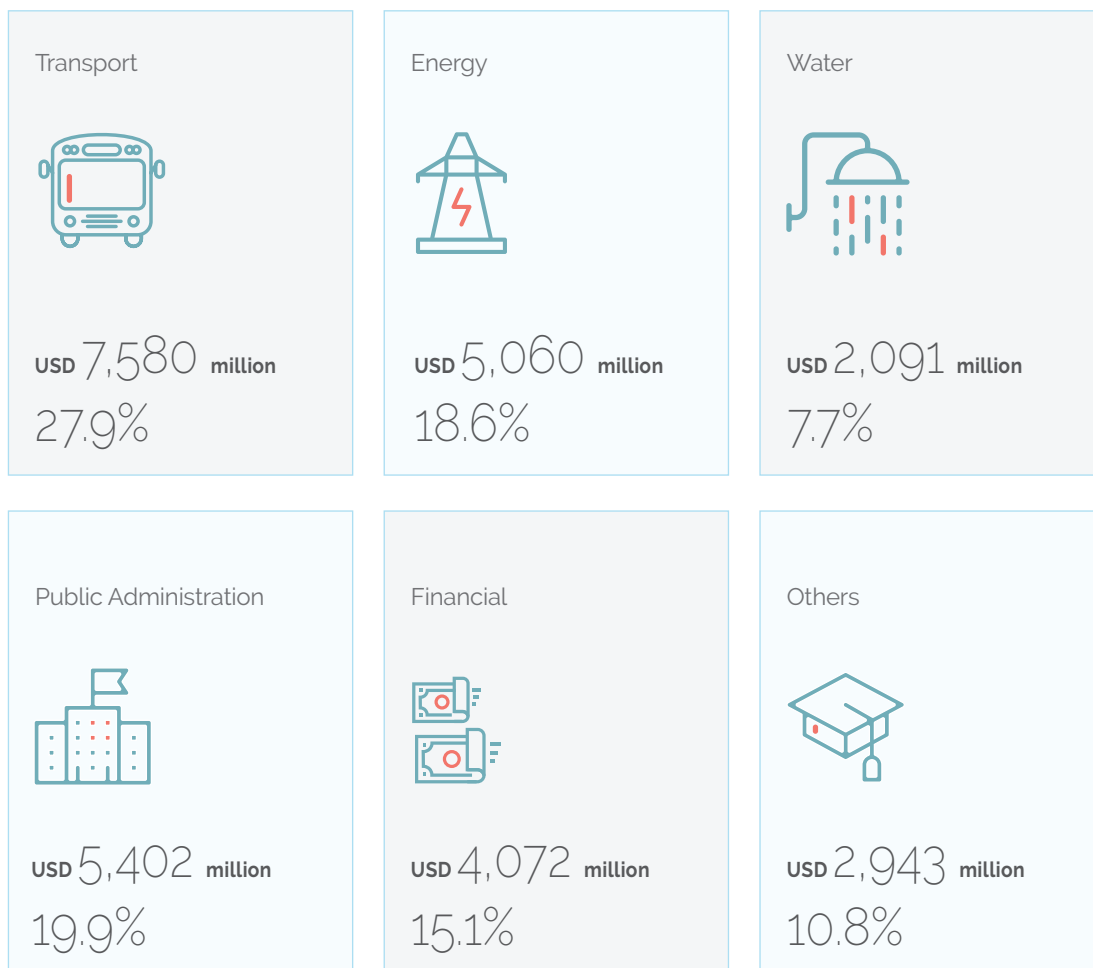
The geographical distribution of the portfolio at the end of 2019 (see Figure 7) continues to improve compared to recent years, given that no country represented more than 14% of CAF's consolidated portfolio, unlike previous years, where the highest relative shares were close to 15%. Moving forward, we expect the consolidated portfolio will be equitably distributed among all shareholder countries, so that no single country exceeds 13% of the portfolio.

FIGURE 7.
Consolidated portfolio by country, 2019 (%)



Finally, Figure 8 breaks down CAF's consolidated portfolio by economic sector, which was concentrated mainly in productive infrastructure (energy, transport and telecommunications), representing 47.4% of the total, and in social infrastructure (mainly in water, education and urban development), with 14.7% of the total. As a result, 62.1% of CAF's portfolio was tied to infrastructure. The concentration of the portfolio in these sectors ratifies the institution's strategic interest in endorsing the most vulnerable population segments through the provision of basic services like roads, transport, energy, drinking water, sanitation, and urban development. In addition, this relative concentration of CAF's portfolio in infrastructure has allowed CAF to compile expertise in knowledge and technical consulting, positioning the entity as a leader of priority projects with a positive impact on the region's overall productivity.

FIGURE 8.
Consolidated portfolio by economic sector, 2019
(in millions of USD and %)



CAF'S CONSOLIDATED PORTFOLIO BY ECONOMIC SECTOR WAS CONCENTRATED MAINLY IN PRODUCTIVE INFRASTRUCTURE (ENERGY, TRANSPORT AND TELECOMMUNICATIONS), REPRESENTING 47.4% OF THE TOTAL, AND IN SOCIAL INFRASTRUCTURE (MAINLY IN WATER, EDUCATION AND URBAN DEVELOPMENT), WITH 14.7% OF THE TOTAL. AS A RESULT, 62.1% OF CAF'S PORTFOLIO WAS TIED TO INFRASTRUCTURE.

Contributions to development 2019

To measure the Contributions to Development of CAF's operations, a set of sector-specific corporate indicators were proposed. They summarize the main scope of interest and application of each operation. The defined set of corporate indicators are grouped together based on CAF's strategic areas, which reflect the internal consensus reached regarding the institution's priorities as well as international best practices used to

measure the contribution to development by multilateral agencies. Combined, these development contribution indicators reflect the level of support that CAF is providing to ensure its member countries' development.

The corporate indicators of selected development contributions fall into two categories: product indicators, which seek to monitor the physical progress of the project, measured, for example, in

kilometers of built roads, additional megawatts of electricity produced, or the installed wastewater treatment capacity; and outcome indicators, which are associated with the expected beneficiaries of a project. These are, for example, the number of users of a road or the number of individuals benefited by new energy infrastructure or a new drinking water connection.

These indicators were applied to CAF's approved

credit operations over the course of 2019, specifically programs, investment projects, corporate loans, and capital investments. They reflect the specific support that these operations are expected to provide in each country during project implementation and will be used to monitor their progress. The main contributions to development expected from operations are described below.

EFFICIENCY

INFRASTRUCTURE

1,294 Km
of roads (construction, improvements and/or rehabilitation)

585 MW
of installed generation capacity added to national power grids

1,295 Km
of transmission and distribution lines (installation or rehabilitation)

12,002,912
new users
of roads built

171,174
passengers
using new or improved sustainable modes of transport

7,144,665
beneficiaries
of new or better energy infrastructure

COMPETITIVENESS AND PRODUCTIVITY

USD 38,699,000
increase in total sales of companies financed by CAF's operations

USD 29,517,000
increase in the amount of total exports by companies assisted by CAF's operations

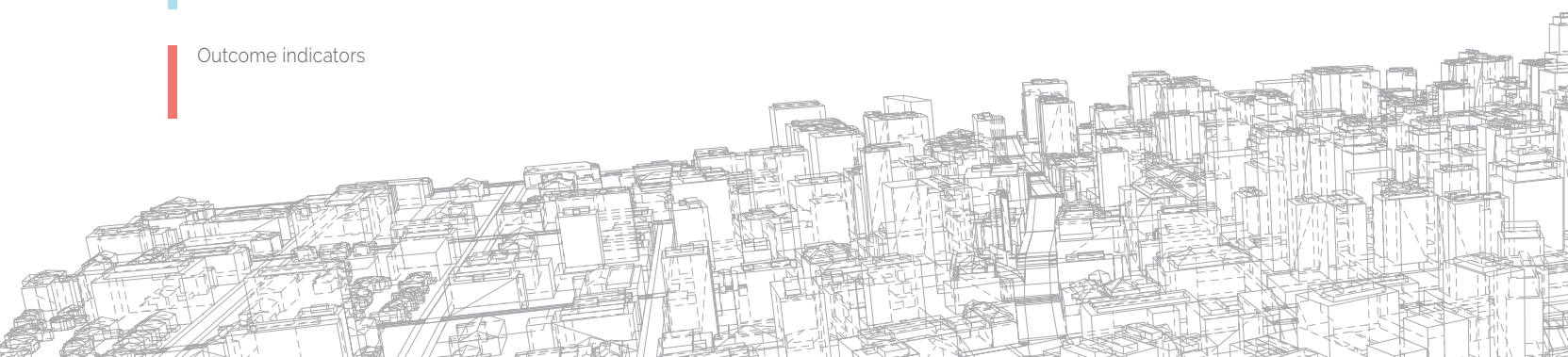
1,227
companies assisted
by operations through intermediaries for projects to develop productive chains

23,213
SMEs assisted
by operations through intermediaries

43,499
beneficiaries
of microcredit

Product indicators

Outcome indicators



EQUITY

WATER, SANITATION AND RURAL IRRIGATION

52 km
of installed drinking water pipes

308 km
of installed sewerage networks

3,000 new sewer
connections

37,300,000 m³
of installed wastewater
treatment capacity

6 new
or improved wastewater
treatment plants

2 new
or improved drinking
water plants

4 new
or improved infrastructure
facilities to control water
courses or bodies

2,998,350

beneficiaries
of new or improved drinking
water and/or sewerage
connections

501,735
beneficiaries
of sanitation solutions

1,360,000
beneficiaries
of new or improved
infrastructure facilities to
control water courses or bodies

EDUCATION

128,164 m²
of new or improved
educational infrastructure

22,680
beneficiary students

27,908
teachers trained

VULNERABLE POPULATION GROUPS

5,000
new
or remodeled homes

1,915,950
beneficiaries
of improvements in their
surrounding environment

20,000
beneficiaries
of housing solutions

INSTITUTIONALITY

EFFICIENCY IN PUBLIC MANAGEMENT

5 operations
with institutional
strengthening components

SUSTAINABILITY

ENVIRONMENT

40,000 ton
reduction in carbon emissions
with the support of CAF's
operations

21.5 %
of green finance funds as a
percentage of total

MACRO-FISCAL POLICY

9
macro-fiscal
support operations

USD 3.4 billion
in macro-fiscal
support operations

Product indicators

Outcome indicators

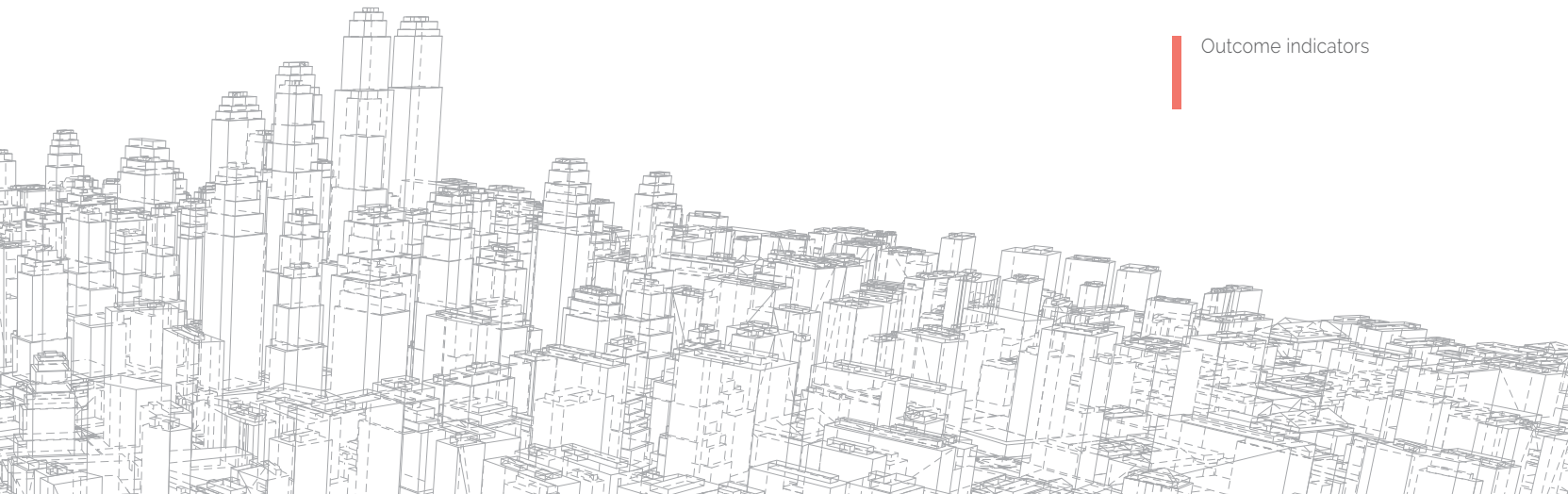


TABLE 5.
Approvals by country
(in millions of USD)

Country	2015	2016	2017	2018	2019	2015-19
Argentina	694	706	996	1,626	626	4,648
Bolivia	505	564	489	532	243	2,333
Brazil	1,234	1,371	1,253	1,476	1,591	6,925
Colombia	2,008	2,077	1,791	1,544	2,059	9,479
Ecuador	814	766	755	754	969	4,058
Mexico	522	575	1,007	656	950	3,709
Panama	527	595	650	694	598	3,063
Paraguay	307	548	497	476	710	2,538
Peru	2,336	2,139	2,306	2,551	2,191	11,523
Trinidad and Tobago	0	300	0	300	200	801
Uruguay	588	959	661	890	965	4,063
Venezuela	501	541	501	600	0	2,143
Other countries*	1,501	1,273	1,354	1,564	1,907	7,599
TOTAL	11,537	12,412	12,259	13,663	13,010	62,883

TABLE 6.
Disbursements by country
(in millions of USD)

Country	2015	2016	2017	2018	2019	2015-19
Argentina	481	486	1,012	1,014	574	3,567
Bolivia	315	407	536	381	491	2,131
Brazil	677	1,726	2,536	621	1,130	6,690
Colombia	1,221	1,515	1,638	2,855	2,075	9,304
Ecuador	754	711	550	706	748	3,470
Mexico	604	812	475	585	772	3,250
Panama	155	223	266	498	430	1,572
Paraguay	102	82	152	117	118	571
Peru	545	1,039	1,688	1,614	1,361	6,247
Trinidad and Tobago	0	0	300	300	200	800
Uruguay	200	325	187	112	95	919
Venezuela	364	525	130	529	514	2,061
Other countries*	526	573	743	1,144	1,534	4,520
Total	5,945	8,426	10,212	10,477	10,043	45,102

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

TABLE 7.
Consolidated portfolio by country
(in millions of USD)



Country	2015	2016	2017	2018	2019
Argentina	2,773	2,840	3,208	3,578	3,781
Bolivia	2,037	2,222	2,496	2,574	2,728
Brazil	2,098	2,022	2,161	1,747	2,285
Colombia	2,142	2,409	2,608	2,938	2,970
Ecuador	3,045	3,318	3,438	3,587	3,728
Mexico	274	471	414	661	666
Panama	1,177	1,306	1,411	1,710	1,843
Paraguay	291	337	419	466	514
Peru	2,310	2,286	2,292	2,052	2,095
Trinidad and Tobago	0	0	300	600	789
Uruguay	655	919	1,028	978	935
Venezuela	3,094	3,321	3,285	3,514	3,672
Other countries*	863	911	1,002	1,165	1,143
Total	20,934	22,546	24,236	25,735	27,148

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

2019 Training

STARTING AT THE END OF 2017, CAF'S EXTERNAL VIRTUAL TRAINING PROGRAM IS A KEY COMPONENT TO ACHIEVING OUR INSTITUTIONAL STRATEGIC OBJECTIVES. IT IS AIMED AT STRENGTHENING PUBLIC MANAGEMENT SKILLS IN THE REGION BY TRAINING PUBLIC OFFICIALS WORKING FOR NATIONAL AND SUBNATIONAL GOVERNMENTS IN LATIN AMERICA ON ISSUES RELATED TO APPLIED PUBLIC MANAGEMENT.

On the other hand, recognizing the importance of strengthening human capital in the medium term, the program also includes a virtual training reinforcement for economics majors attending public universities in the region. The objective is to standardize and raise the level of knowledge and skills of these professionals throughout the different countries in the region.

Through its virtual training program, CAF seeks to strengthen the technical skills and competencies of public officials dedicated to the formulation, implementation, and management of public policies and programs, in order to promote efficiency and improve delivery of public goods and services and boost productivity and development in the region.

The training offered by CAF is characterized by providing knowledge with practical applicability in public service so that students can "learn by doing." To do this, case studies, exercises and assignments, examples, lessons learned, experience exchange, CAF-generated knowledge are used, as well as the conceptual and theoretical bases of public work.

At the end of 2019, the program had three training modalities: MOOCs (Massive Open Online Courses); a virtual diploma; and university training courses, with a combined enrollment of 25,341 students. From the end of 2017 to the end of 2019, more than 54,000 students registered in the different modalities.

These are free online courses available for anyone to enroll designed and developed by CAF and 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 who work in the management and execution of public policies and programs.

In 2019, 11 single MOOCs¹ and a micro-certificate program comprised of five MOOCs were taught, with a total enrollment of 22,209 students. The courses developed covered a wide range of topics: energy, water and sanitation, impact evaluation, Public-Private Partnerships, sustainable roads, infrastructure, innovation and patents, financial inclusion, business development, project management, gender, among others. Furthermore, they have been delivered in Spanish, Portuguese and English.

Participants rated the courses 4.48 on average out of five.² Furthermore, the majority of students said they would recommend the course they took.

One of the most relevant aspects is that 81% of the participants were Latin American, with a profile of mostly university graduates and an average age of 25 to 44 years.

In 2020, 12 new MOOCs are planned. They will focus mainly on: chronic child malnutrition; road infrastructure; digitization of the State and public policies; dam and reservoir safety; energy efficiency; project management; financial inclusion; productive integration; educational infrastructure; innovation and internationalization of SMEs; among other topics.

¹ First and second edition

² The average rating of MOOCs on MiriadaX is 3.84/5.

IN 2019, 11 SINGLE MOOCs AND A MICRO-CERTIFICATE PROGRAM COMPRISED OF FIVE MOOCs WERE TAUGHT, WITH A TOTAL ENROLLMENT OF 22,209 STUDENTS.



Micro-certification program: "Expert in Public-Private Partnership Contract Management"

(1ST EDITION)

Program consisting of five courses with a totally practical approach, where the student faces the challenge of managing different hypothetical situations based on real cases. The courses focus on: introduction to PPP contract management; organization and preparation of an operating manual; modification, renegotiation and rebalancing of contracts; breach, seizure and early termination of contracts; and, finally, management from the point of view of the private sector. First micro-certificate offered by CAF and over the MiriadaX platform.



Sustainable Road Construction: How to Prevent and Fix Damage to Flexible Pavements

(2ND EDITION)

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



CAF Method for the Accelerated Development of Patents

(2ND EDITION)

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



How to Develop Sustainable Rural Water and Sanitation Systems? Basic notions and practical cases

(1ST EDITION)

The course analyzes and discusses the context of rural water and sanitation projects. It takes a look at the relevant aspects of their formulation, execution, and evaluation of results, incorporating best practices and lessons learned from two practical cases (MIAGUA in Bolivia and CENAGRAP in Ecuador). The end objective is to contribute to improved management and sustainability of water and sanitation services in rural areas.



Introduction to Impact Assessment for Public Management

(2ND EDITION)

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



Impact Assessment for Public Management (intermediate level)

(1ST EDITION)

The course delves into the technical issues associated with the methodologies most commonly used to measure the impact of public policies and programs. The objective is to familiarize participants with the different methodologies, the assumptions of each one, the cases in which they can be used, and the way to implement them. At the end of the course, participants will be able to understand the differences between the different techniques when planning an impact evaluation study and will be able to use their knowledge about each technique to access and use the evidence generated by impact evaluations, in order to make decisions about the best use of their institution's resources.



Energy Project Management

(1ST EDITION)

The course teaches the common language of concepts, processes, techniques and tools proposed by the Project Management Institute (PMI®) applied to the energy sector. Through practical case studies and examples, the student will learn this important methodology in an applied manner to achieve the proper principles of project management: estimation and execution within the proposed timeline; budget optimization; quality of management; and, stakeholder satisfaction.



Basic Notions of Electrical Systems and Introduction to the Evaluation of Energy Projects

(1ST EDITION)

The course provides an overview of energy and electricity; the transformation process of the resource or energy supply toward the use or demand of the resource; and the methodological aspects for the evaluation of an energy project.



Energy Efficiency in Buildings

(1ST EDITION)

Created by CAF and the International Energy Agency (IEA), this course aims to prepare participants to successfully build and modernize energy-efficient buildings. Students learn the fundamentals of how building design can reduce energy use; the benefits of reducing energy waste; the landscape of policies, codes and standards, data and indicators, and finance. This course was originally delivered in English in 2019.



Financial Inclusion in Latin America: Challenges and Opportunities

(1ST EDITION)

Based on an analysis of the importance of the financial sector and the benefits of financial inclusion, the course emphasizes the relevance of financial education, as well as financial innovation, for the design of financial products and services focused on client needs. A discussion on public policies for financial inclusion is addressed, highlighting cases of national strategies in Latin America and developing countries.



Business Development with a Gender Perspective

(1ST EDITION)

The course seeks to strengthen the capacities of the public sector and business service providers in knowledge, tools and actions to promote the growth and productivity of companies led by women.



Project Management Applied to the Public and Private Sector in Latin America

(1ST EDITION)

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 hands-on exercises based on the reality in Latin America. The objective is to strengthen the capacities and skills of professionals who manage projects in the public and private sectors. This course was originally delivered in Portuguese in 2019.

VIRTUAL DIPLOMAS

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

They are delivered through closed virtual courses with a tutor on the CAF educational platform. Courses promote student learning in a practical way, using Latin American cases, examples and studies, in addition to promoting the active participation of students through debate with their peers and instructors. In 2019, the first CAF Virtual Diploma in Public-Private Partnerships was conceptualized, developed and launched. This six-month

training program offers a practical and applied approach to aspects of PPP that are of particular relevance for public administrations responsible for projects, such as: project identification and prioritization; selection of the supply route; valuation and effective transfer of risks; the economic-financial model; tender for PPP contracts; and monitoring and management of awarded contracts.

In the certification course's first edition, 227 students enrolled. In addition to 22 CAF officials, the other 105 participants work for public (90%) and private (10%) institutions in Latin America. The second edition of this certification course will be delivered in 2020.

FIGURE 1.
Officials,
by gender
(in %)

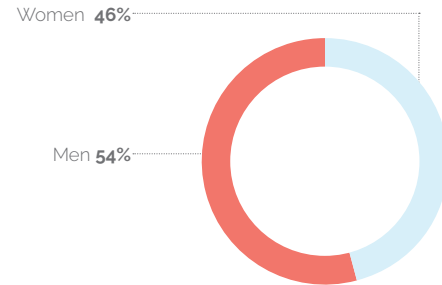
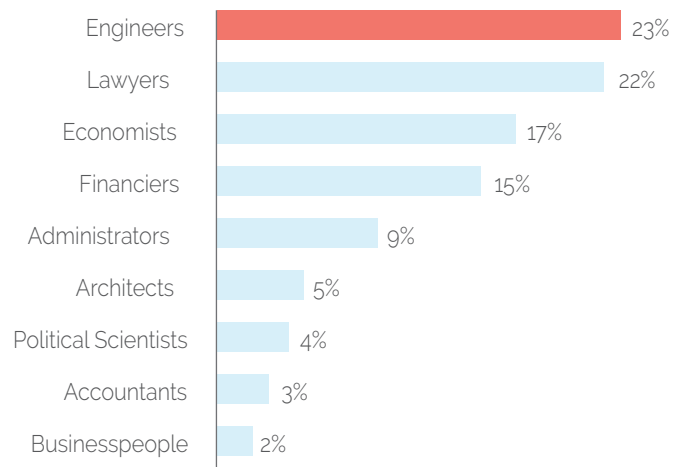


FIGURE 2.
Officials, by
profession
(in %)



VIRTUAL REINFORCEMENT FOR ECONOMICS MAJORS ATTENDING PUBLIC UNIVERSITIES IN THE REGION

This project, promoted by CAF in alliance with program partner universities, aims to reinforce the knowledge and management of the 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 cities, region and countries.

In the mid-term, the project will level the training received by future professionals with international standards, expanding their projection in terms of professional training and regional job markets, which will contribute to regional integration.

The project reinforces basic economics courses, such as macroeconomics, microeconomics, mathematics, statistics, econometrics, finance, among others, through:

- Twenty-four closed virtual courses delivered by international instructors (PhD).
- Specialized tutored courses, both virtual and face-to-face, aimed at university professors.
- Bibliographic material for instructors and students.
- Digital training for instructors.
- Virtual learning platform.

At the end of 2019, two pilot tests were carried out in Peru, with a total of 2,860 students enrolled and 23 instructors trained. The pilot public universities were Universidad San Antonio Abad del Cusco and Universidad Nacional de San Agustín de Arequipa. Likewise, at the end of the year, 14 agreements were signed with public universities in four countries: Bolivia (five), Peru (four), Ecuador (three) and Paraguay (two), all of which will launch the program in 2020. The plan is to train more than 5,000 students in the first year.

In the medium and long term, the idea is to expand the program to more public universities, generating and fostering exchange experiences for students and teachers, who will attain a competitive academic level by international standards. The program aims to strengthen regional integration and increase the productivity of the countries.



10
courses delivered



2
pilot universities



14
partner universities for 2020



2,860
students



23
trained local instructors



8
international instructors in charge of virtual classes



1

Peru

- Universidad de San Antonio Abad del Cusco
- Universidad Nacional de San Agustín de Arequipa
- Universidad Nacional de Piura
- Universidad Nacional del Centro del Perú

2

Bolivia

- Universidad Técnica del Beni "Mariscal José Ballivián"
- Universidad Mayor de San Andrés
- Universidad Autónoma Gabriel René Moreno
- Universidad Mayor, Real y Pontificia de San Francisco Xavier de Chuquisaca
- Universidad Autónoma Juan Misael Saracho

3

Ecuador

- Universidad Técnica de Ambato
- Universidad Laica Eloy Alfaro de Manabí
- Universidad Técnica del Norte

4

Paraguay

- Universidad Nacional del Este
- Universidad Nacional de Caaguazú

A scenic view of a park. In the foreground, there is a large field of purple flowers. A large tree with pink blossoms stands in the middle ground. To the left, there is a stone bust of a man on a pedestal. In the background, there is a modern, curved building with many windows, and a classical building with a dome. The sky is overcast.

2019

Shareholder
countries



38	Argentina	Other shareholder
40	Bolivia	countries
42	Brazil	
44	Colombia	61 Barbados
46	Ecuador	61 Chile
48	Panama	61 Costa Rica
50	Paraguay	62 Spain
52	Peru	63 Mexico
54	Trinidad and Tobago	63 Portugal
56	Uruguay	64 Dominican Republic
58	Venezuela	65 Other actions in Europe
		65 Multinational

ARGENTINA

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

In 2019, CAF approved loans in favor of several Argentine provinces for the improvement of economic and social infrastructure in country provinces. Within this framework, the Federal Regional Infrastructure Program was approved, which will have a high impact on issues of connectivity, energy, tourism, and water resource management.

In the education sector, a loan was granted to support the improvement of equity and access to relevant quality education in the Province of Jujuy, which will benefit 260,000 children, adolescents and young adults. In addition, this program is expected to

reduce the student dropout rate from 12% to 7% by 2023.

In the road sector, the Province of Neuquén was granted a loan to optimize the connectivity of its provincial road networks, which will benefit more than 470,000 users. The loan is expected to contribute to logistics competitiveness and boost tourism.

In addition, an operation was approved in favor of the Province of Córdoba for the construction of an alternative route to the current National Highway RN38, which will bring better connectivity and shorter travel times to 41,000 inhabitants of the Punilla Valley and its more than 2.6 million annual users.

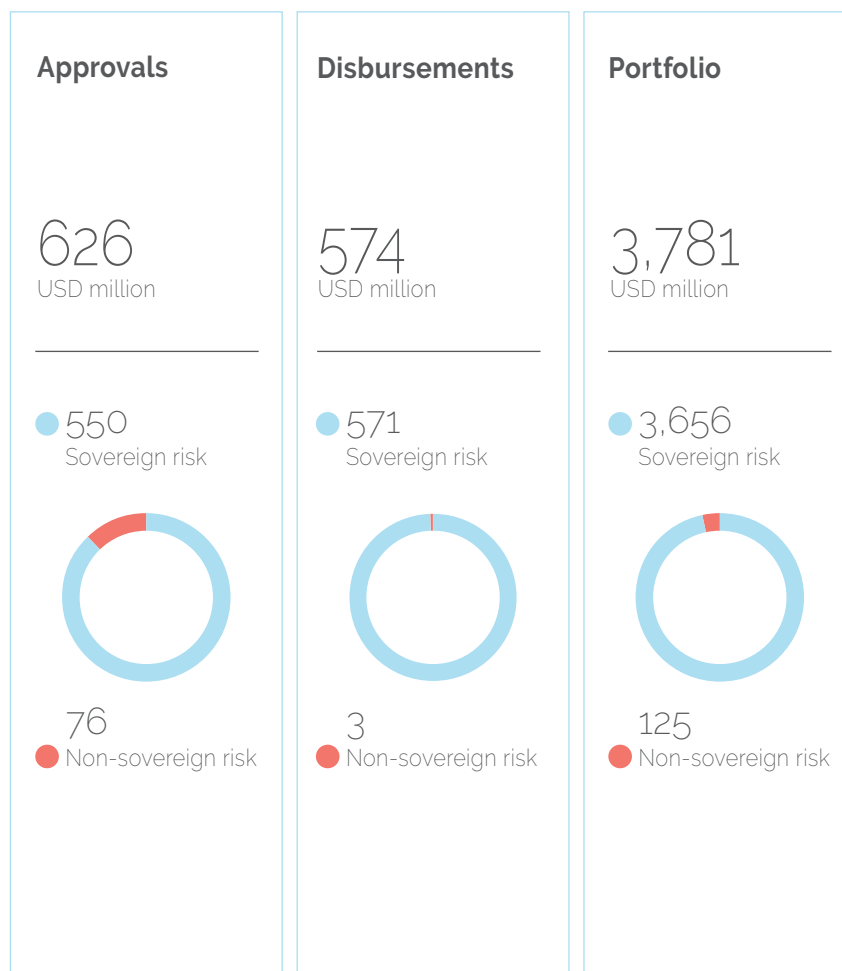
CAF's interventions in Argentina focused on sectors such as transportation, roads, education, and infrastructure.



In the non-sovereign sector, CAF supported the private sector with the renewal of a line of credit for Argentine development bank Banco de Inversión y Comercio Exterior for the promotion of SMEs and exports.

Five technical cooperation operations were approved for an amount of USD 514,450. These include a project with Universidad Nacional de Cuyo for innovation projects; support given the Ministry of Transport in the design of public policies for the management of transport with criteria of environmental, social and economic sustainability; and a project to strengthen integrity and open government policies in the City of Buenos Aires.

IN NUMBERS



APPROVALS



- PFIR**
Client: República Argentina
Amount: USD 300 million
- Program to Improve Access and Quality of Education**
Client: Province of Jujuy
Amount: USD 100 million
- Road Connectivity Infrastructure Program in the Province of Córdoba: Alternative Roadway to National Highway RN38**
Client: Province of Córdoba
Amount: USD 75 million
- Neuquén Territorial Road Connectivity Improvement Program**
Client: Province of Neuquén
Amount: USD 75 million
- Uncommitted revolving line of credit**
Client: Banco de Inversión y Comercio Exterior - BICE
Amount: USD 75 million

BOLIVIA

CAF's strategy in Bolivia is aimed at consolidating its role as a multilateral entity to support the country's development. In 2019, the country continued to prioritize infrastructure construction and attention to social development as growth drivers.

During this year, CAF approved USD 241.9 million in operations for Bolivia.

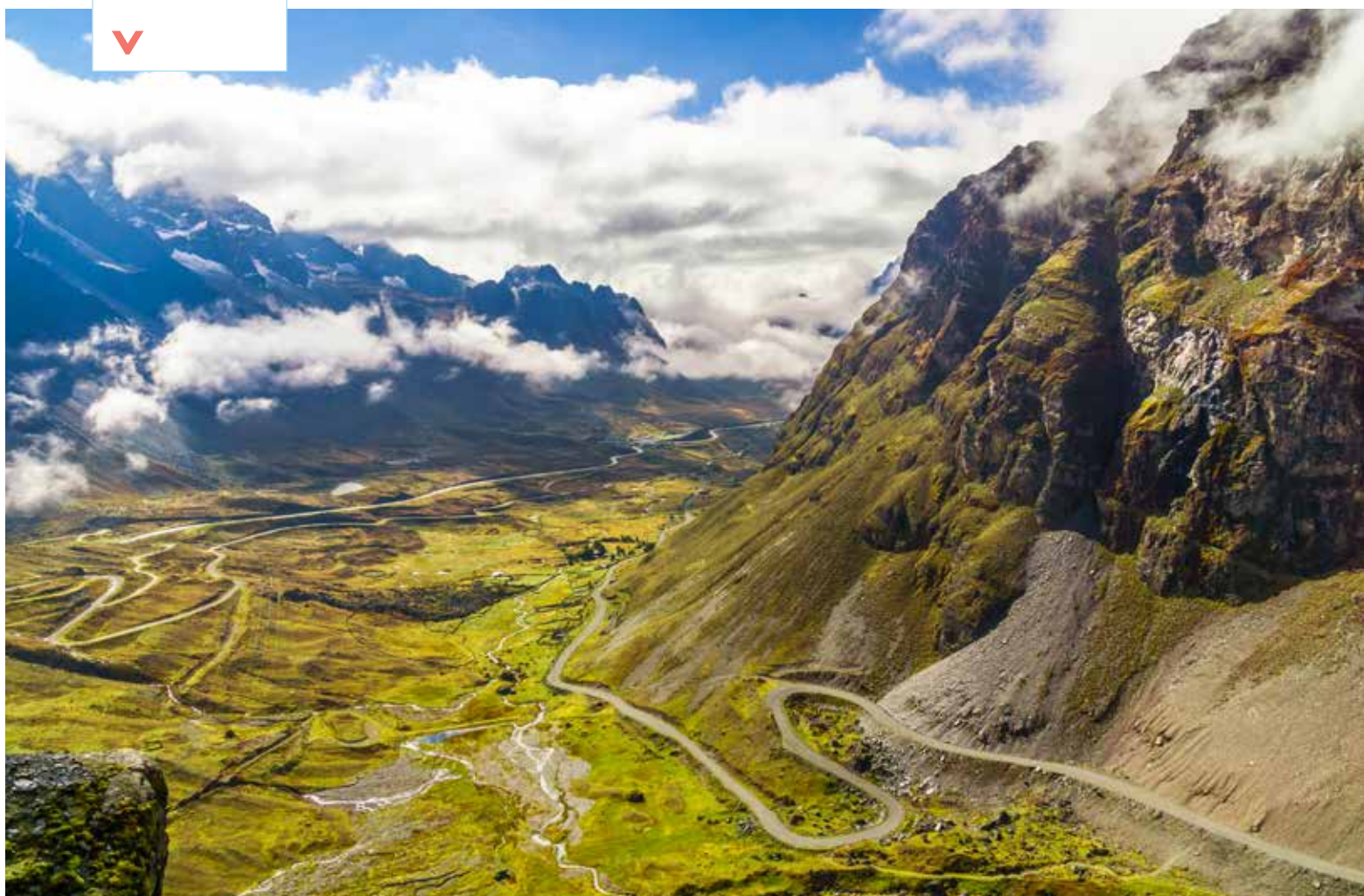
Several road infrastructure projects were completed in 2019: the construction of Yapacani - Puente Ichilo highway in the Department of Santa Cruz; the Caracollo-Colquiri highway in the Department of La Paz; the Incahuasi Tunnel in the Department of Chuquisaca; and the Okinawa II and III highway of strong agro-industrial potential in the Department of Santa Cruz as well. The construction of these roadways—projects that included sustainable environmental management and

road safety components—will improve internal connectivity, granting greater accessibility and inclusion to Bolivian cities, which, in turn, will lead to productivity gains and greater international insertion for the country.

On the other hand, the implementation project to build the first the Santa Cruz Bus Rapid Transport System (BRT) ring road was approved, aimed at providing an adequate, efficient and quality massive transport service in one of the country's biggest cities.

Likewise, in 2019, the Japan International Cooperation

CAF strongly supported the development of road infrastructure projects in Bolivia in 2019.

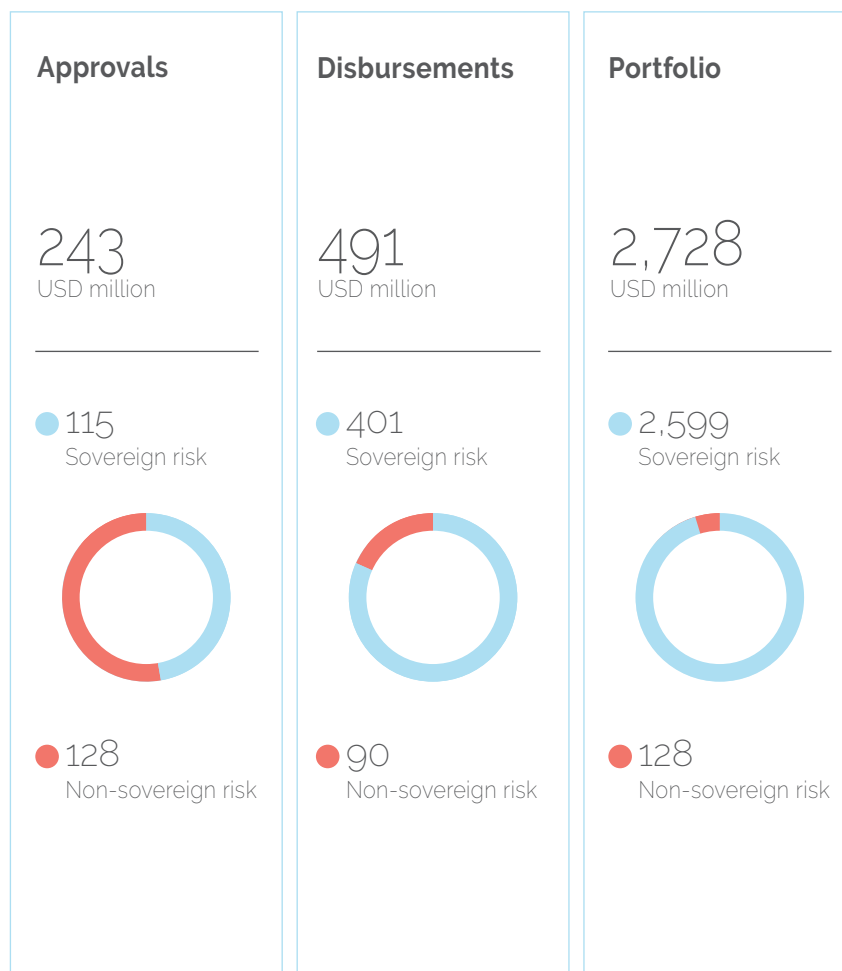


Agency (JICA) granted the Okinawa I Construction Project parallel financing.

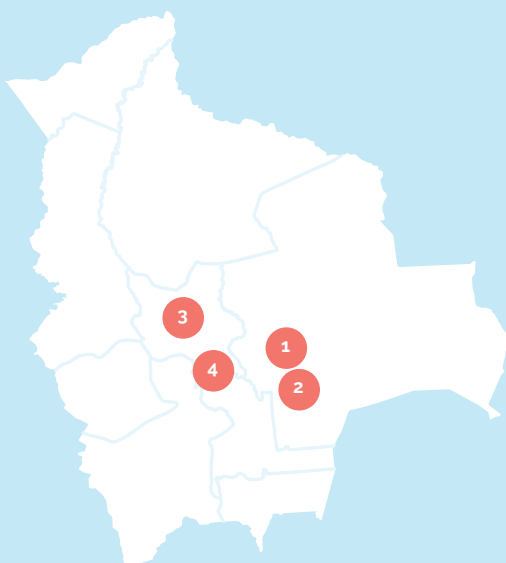
Regarding the support of the country's private sector, CAF continued to position itself in the Bolivian financial sector by approving lines of credit for small and medium-sized companies and microenterprises, to leverage projects in the country's productive sectors and strengthen the export sector.

Over the course of the year, CAF approved a total of 12 operations with non-reimbursable resources in the amount of USD 1.4 million.

IN NUMBERS



APPROVALS



- Industrial Park Highway Construction Project - Okinawa**
Client: Bolivia
Amount: USD 47 million
- Implementation Project, Phase 1, BRT System in Santa Cruz de la Sierra**
Client: Bolivia
Amount: USD 37 million
- Complementary Works Program**
Client: Bolivia
Amount: USD 32 million
- Financial and corporate lines of credit**
Client: Multiple
Amount: USD 127 million

BRAZIL

CAF's strategy in Brazil is to offer conditions to overcome growth challenges, aimed at increasing the impact of the institution's action and generating long-term economic growth.

CAF has continued with its efforts to take care of the overall needs of this country and, to fulfill this strategy, the institution has defined three axes of intervention for Brazil:

- (i) Municipalities: promoting actions and policies aimed at strengthening agglomeration economies and reducing congestion costs through the Cities with a Future program. In 2019, six operations were approved for municipalities with comprehensive urban regeneration, mobility improvement, sanitation and drainage programs.
- (ii) States: finance high-impact regional initiatives, including

inter-municipal and state roads, logistics integration corridors, construction and improvement of tertiary roads, and logistics and integration improvement programs for the development of intermodal connection centers. Operations for mobility were approved for the state of São Paulo and for logistics corridors and tourism in Alagoas.

- (iii) In the non-sovereign sector, infrastructure financing was increased to boost productivity, inclusion, financial development and competitiveness, targeting public companies, PPPs, private companies in localities that already

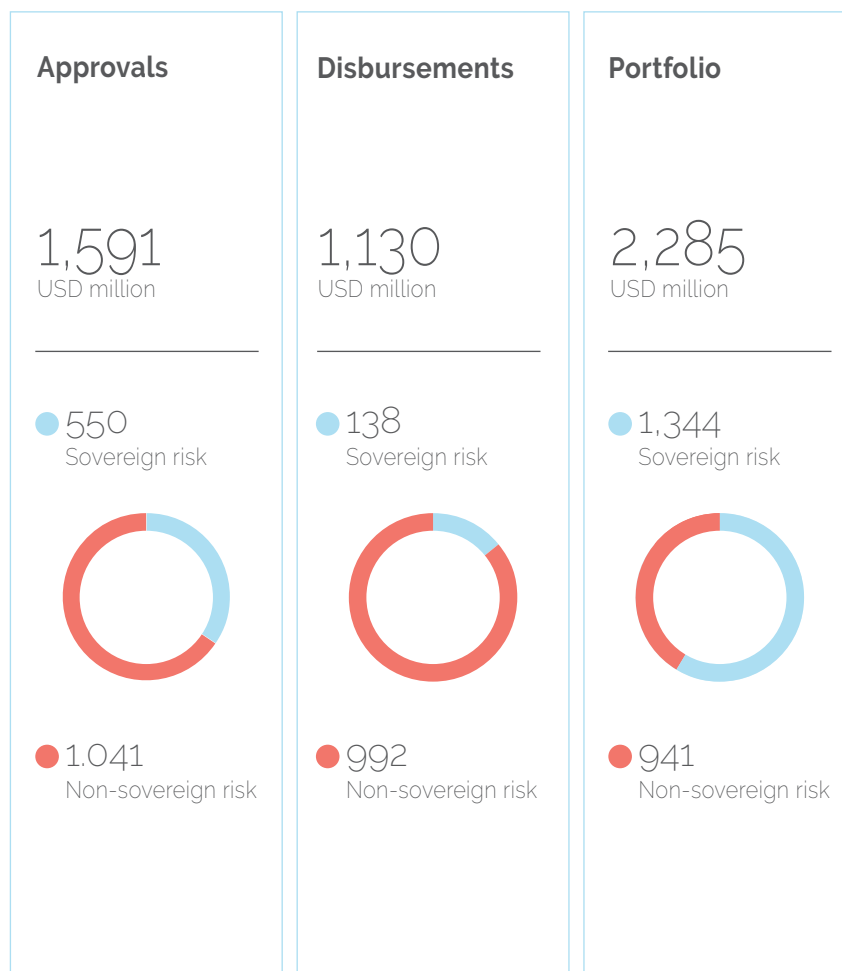
CAF supported mobility interventions throughout the territory of the state of Alagoas.



received the benefits of CAF interventions in sovereign operations, selected companies from the private sector, regional public banks and commercial banks with targeted and high impact lines. Other 2019 approvals included funds granted local development banks BRDE (Regional Development Bank of the Extreme South) and Desenvolve São Paulo for their SME support programs and projects in small municipalities.

In 2019, CAF approved USD 811,000 in non-reimbursable cooperation resources to support financial inclusion and SME financing, among other initiatives.

IN NUMBERS



APPROVALS



- 1. Structure Program**
Client: State of Alagoas
Amount: USD 112 million
- 2. Urban, Social and Environmental Integration and Development Program**
Client: Camaçari Municipality
Amount: USD 80 million
- 3. Neighborhood Recovery and Socio-Environmental Management Program**
Client: Municipality of Sao Bernardo do Campo
Amount: USD 80 million
- 4. Sao Paulo Metro Network: Line 17 Gold - Monorail System Section 1**
Client: State of São Paulo
Amount: USD 76 million
- 5. Social and Urban Development Program**
Client: Jacarei Municipality
Amount: USD 60 million
- 6. Sustainable Urban Revitalization and Development Program**
Client: Jaraguá do Sul Municipality
Amount: USD 50 million
- 7. Santo André Sanear Program (Saneasa)**
Client: Santo André Municipality
Amount: USD 50 million
- 8. Integrated Mobility System Program**
Client: Contagem Municipality
Amount: USD 42 million
- 9. Financial lines of credit**
Client: Multiple
Amount: USD 1.04 billion

COLOMBIA

CAF's strategy in Colombia focuses on territorial development to reduce gaps in regions; business development to boost productivity; and institutional development to modernize the state. Likewise, CAF continues to promote its rural development, environment and climate change strategy.

In 2019, a sovereign loan was granted to the Emergency Care Program for Populations Living Under Vulnerable Conditions. Its objective was to contribute freely available resources to the Colombian government's efforts in response to an increase in mixed migratory flows in the country.

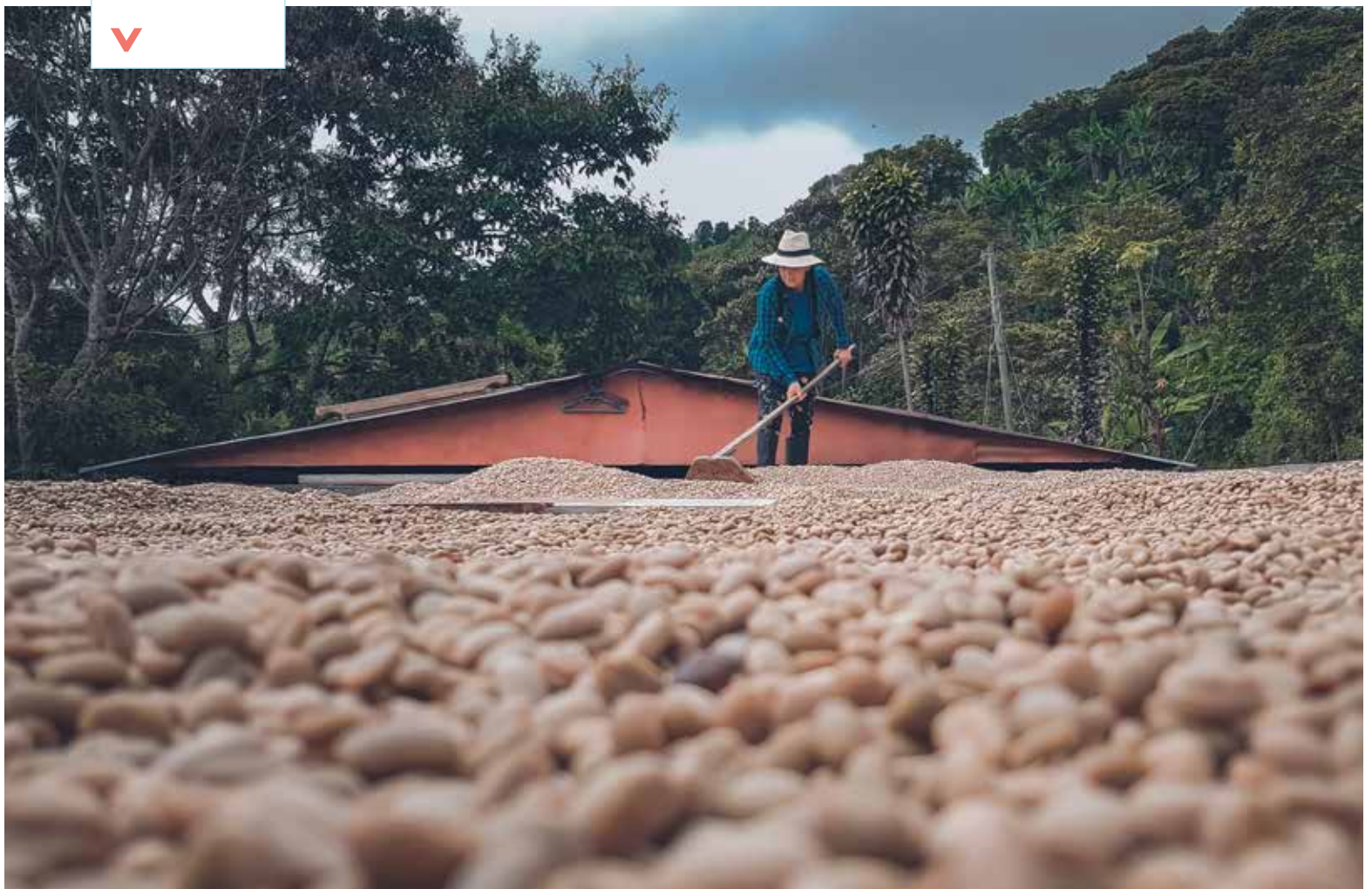
Non-sovereign risk operations included a loan granted to the Devimar concessionaire for the construction, rehabilitation and improvement of highway Mar 1, in the department of Antioquia, in the northwest of the country. The project is part of the national government's fourth generation concessions (4G) program to connect production centers with the main international trade corridors.

Additionally, a loan was approved to partially finance the Expansion and Strengthening Plan for the Regional Transmission and Distribution System managed by Electrificadora de Santander, which will contribute to improving the quality of the public electricity service in the Santander Department and neighboring municipalities in Colombia.

With resources from CAF's special funds, 17 operations were approved for an amount of USD 1.7 million.

Some of the emblematic actions of development cooperation requested by the country include boosting the productivity of the agribusiness

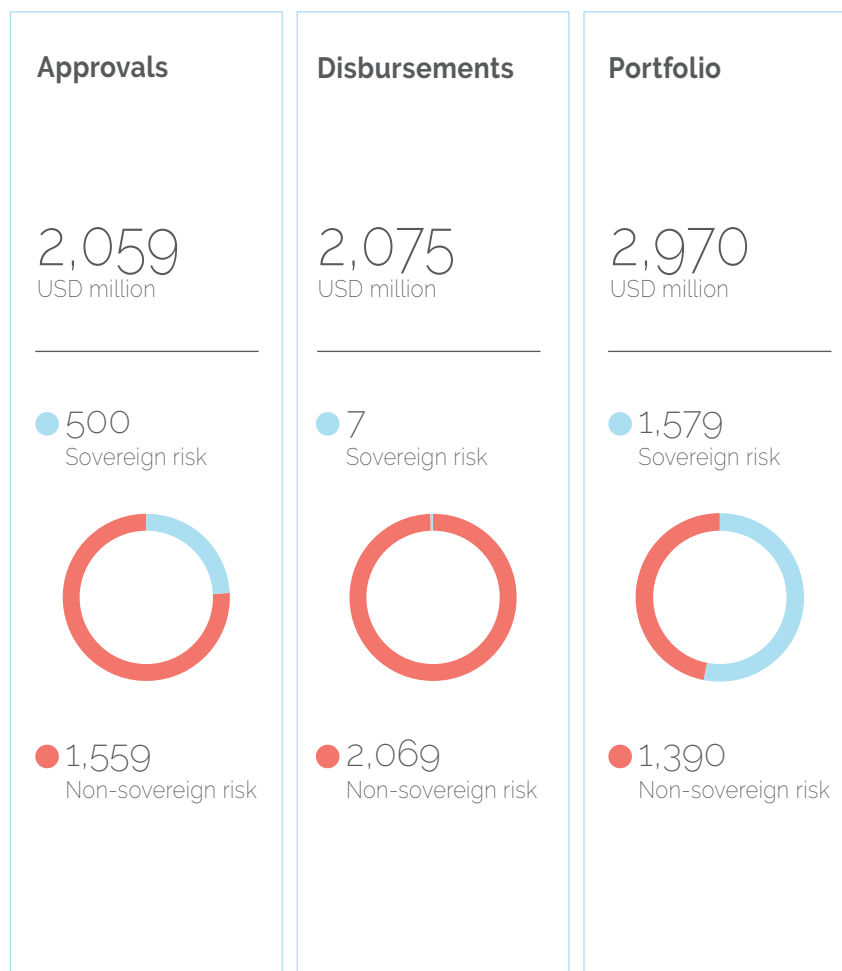
Productivity of the agribusiness sector was supported through the institutional strengthening of the Colombian Society of Farmers.



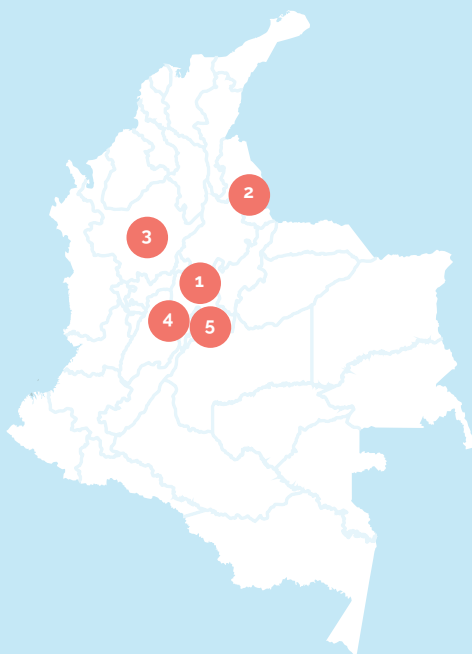
sector through the institutional strengthening of the Colombian Society of Farmers; support for the program Me muevo segura [I travel safely], pilot initiative for the prevention and increased perception of violence and sexual harassment against women and girls in urban public spaces; and the strengthening of the fight against corruption through the implementation of the Inter-American Open Data Program, among others.

With resources from the British Prosperity Fund, seven projects were approved for an amount of USD 4.14 million, including strengthening the corporate governance of the National Infrastructure Agency, Coffee Airport, and design and implementation of the System for Agricultural Risk Management (SIGRA)'s agroclimatic component.

IN NUMBERS



APPROVALS



- Emergency Care Program for Populations Living Under Vulnerable Conditions**
Client: Republic of Colombia
Amount: USD 500 million
- Financing of the Expansion and Strengthening Plan for the Regional Transmission and Distribution System**
Client: Electricadora de Santander E.S.P.
Amount: USD 95 million
- Loan for Autopista al Mar 1 Highway Project (Antioquia)**
Client: Desarrollo Vial al Mar S.A.S
Amount: USD 50 million
- Bancóldex Fund of Funds (Alternative Financing Mechanism for Entrepreneurs)**
Client: Banco de Comercio Exterior de Colombia - Bancóldex
Amount: USD 8 million
- Financial lines of credit**
Clients: Multiple
Amount: USD 1.404 billion

ECUADOR

CAF's strategy in Ecuador is aimed at supporting the sustainable development of the country, in particular the National Development Plan, known as "Plan Toda Una Vida" (Spanish for The Lifetime Plan).

In 2019, sovereign sector approvals were targeted to logistics through a Sector Support Program. Sectoral aids also included support for the Strengthening Program of the Electricity Distribution System for the Aquaculture Sector to bolster production efficiency in one of the main non-oil export products in the country: shrimp. In addition, through financial assistance granted local public development banks, small and medium cacao and palm producers were able to access preferential financing. The nature of the sectoral support program for logistics and for the energy sector

in benefit of the shrimping industry helps the country move forward in achieving its objective of guaranteeing the sustainability of public finances and dollarization in the medium term.

CAF also supported the urban agenda and habitat policies, within the framework of the Cities with a Future Program, in alignment with the country's development plan and the U.N. Millennium Development Goals (MDGs).

Non-sovereign approvals were framed as part of the integral support for the exporting productive sector. This effort was

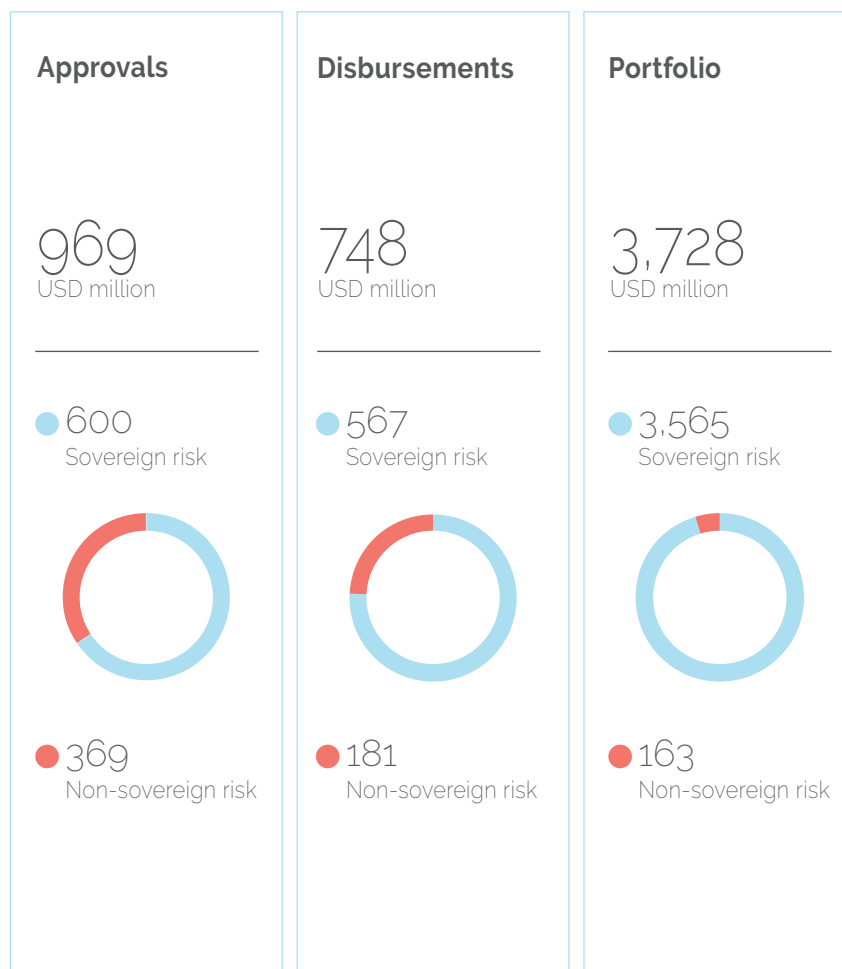
The Ecuadorian agricultural sector received support through a loan for the financing of small and medium cacao and palm producers.



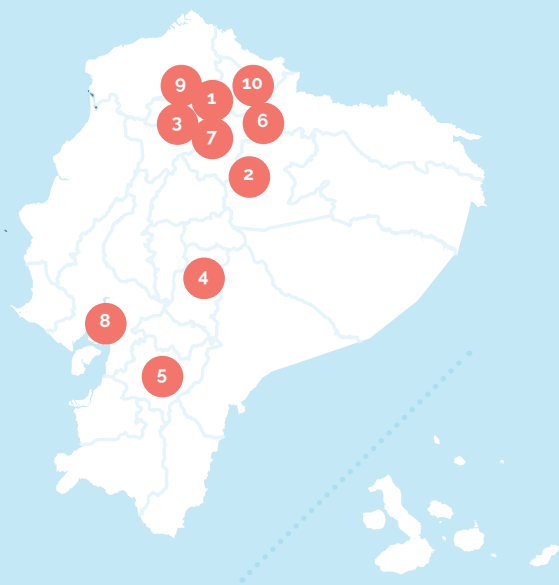
promoted through credit guarantees to finance SMEs that operate in the country, as well as through lines of credit to local banks to support financing for small agricultural producers and microentrepreneurs. Lastly, the institution also directly supported the corporate sector with a line of credit for the expansion of a wood agglomerate plant with plans to export to countries in the region.

Over the course of the year, 15 operations were financed with USD 1.2 million in non-reimbursable technical cooperation resources. The funds went to strengthening activities for the protection, management, regulation and use of water sources, as well as to the development of technical capacities in the country.

IN NUMBERS



APPROVALS



- Support Program for the Urban Agenda and Habitat Policy in Ecuador**
Client: Republic of Ecuador
Amount: USD 203 million
- Strengthening Program for Electricity Distribution Networks in the Aquaculture Sector**
Client: Empresa Pública Corporación Nacional de Electricidad (CNEL EP)
Amount: USD 173 million
- Logistics Sector Support Program**
Client: Republic of Ecuador
Amount: USD 150 million
- Financing for small and medium cacao and palm producers**
Client: Banecuador B.P.
Amount: USD 40 million
- Construction Project of the Guangarcucho Wastewater Treatment Plant**
Client: Empresa Pública Municipal de Telecomunicaciones, Agua Potable, Alcantarillado y Saneamiento de Cuenca (ETAPA EP)
Amount: USD 34 million
- A/B loan**
Client: Banco Guayaquil S.A.
Amount: USD 45 million
- Medium-term corporate loan**
Client: Novopan del Ecuador S.A.
Amount: USD 15 million
- Partial credit guarantee**
Client: Banco Guayaquil S.A.
Amount: USD 30 million
- Partial institutional guarantee**
Client: Fideicomiso Fondo Nacional de Garantías (FNG)
Amount: USD 10 million
- Financial and corporate lines of credit**
Client: Multiple
Amount: USD 268 million

PANAMA

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

One of the approvals in 2019 was a USD 300 million loan for the Program to Strengthen Policies for the Development of Air Transport and Urban Mobility Subsectors in Panama. This program aims to ensure Panama has greater clarity in the definition of competencies; entities with greater capacity; and technical tools for decision making that enhance the impacts of investments and that prioritize future actions in these two subsectors.

In the financial sector, lines of credit for USD 297 million were approved for financing Panamanian MSME's investments in capital

goods, energy efficiency and green businesses, along with technological development and productive transformation processes. Additionally, these lines of credit provide financing for foreign trade, agribusiness, productive microfinance, and mortgages in low-income segments.

CAF-PPSA resources were allocated in support of the preparation of the feasibility study of the Panama North Sanitation Program, which will allow the provision of sewage and sanitation infrastructure to nearly 170,000 people, reduce contamination of the Lajas and Juan Díaz rivers and Panama

One of the approvals in 2019 was a loan for the Program to Strengthen Policies for the Development of Air Transport and Urban Mobility Subsectors in Panama.

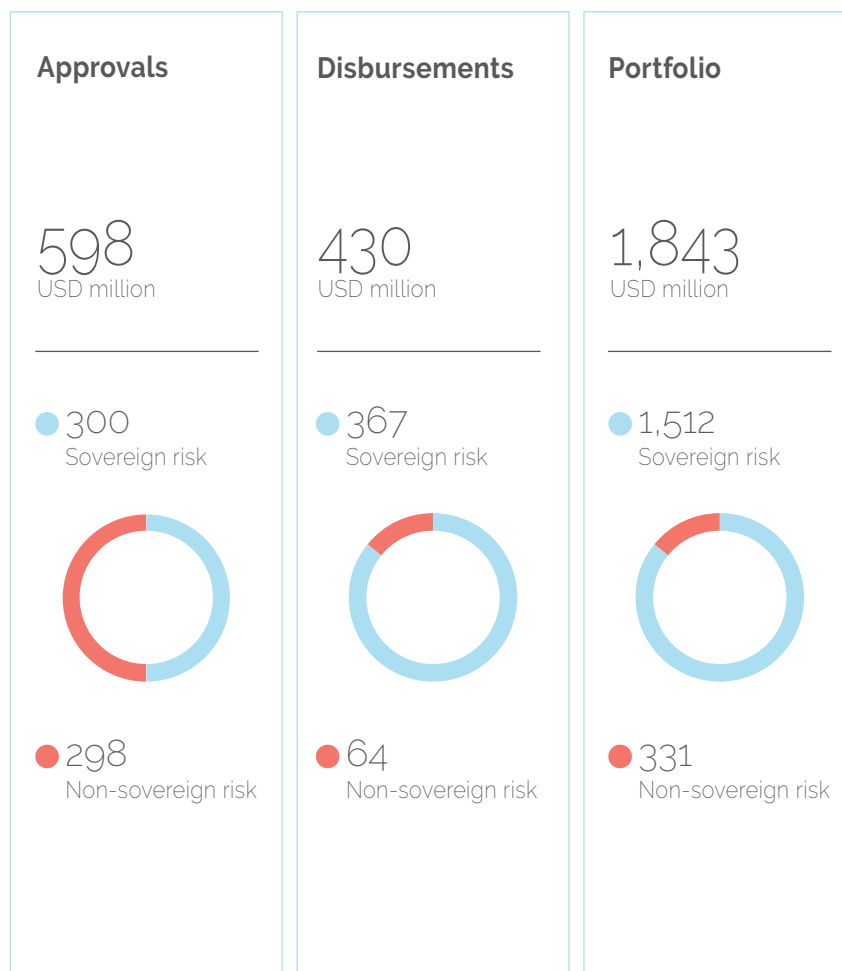


Bay, and avoid excess flow that exceeds the capacity of existing systems.

Likewise, other emblematic actions of development cooperation requested by the country were supported, such as the Logistics Competitiveness Program of Panama, New Technologies for Agricultural Production and Marketing in Latin America, and the second edition of the Productive Panama Program.

Technical cooperation resources for USD 730,000 were approved for nine operations in Panama.

IN NUMBERS



APPROVALS



- Program to Strengthen Policies for the Development of Air Transport and Urban Mobility Subsectors in Panama**
Client: Republic of Panama
Amount total: USD 300 million
- Financial lines of credit**
Client: Multiple
Amount total: USD 297 million

PARAGUAY

In 2019, CAF reaffirmed its support for Paraguay's energy sector through the sixth credit operation granted to Administración Nacional de Electricidad (ANDE), in order to improve the transmission and distribution of electricity in various areas of the country. With this approval, CAF became the main financier of ANDE's investment matrix.

In infrastructure, a project to build an access road to the second bridge that will connect Paraguay with Brazil was approved. Additionally, among the approvals for the year, the first sovereign loan linked to the sanitation sector was granted to four intermediate cities in the interior of the country.

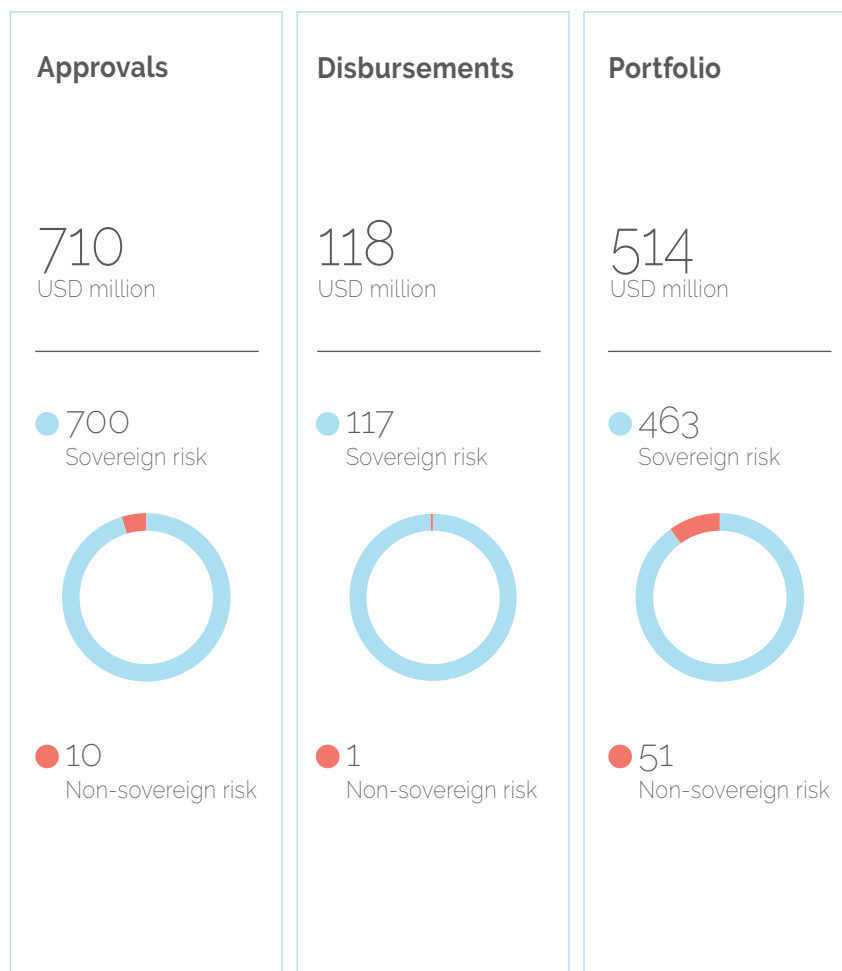
CAF also approved a line of uncommitted standby credit in 2019 in support of the public debt management strategy through a precautionary financing instrument to provide liquid resources to the country. In 2019, CAF approved nine technical cooperation operations in the amount of USD 1.3 million, including

The first sovereign loan linked to the sanitation sector was granted to four intermediate cities in the interior of the country.



aid for the energy sector, improvement of the quality of national cadastral information, and support for the government's financial inclusion strategy, among others.

IN NUMBERS



APPROVALS



- Project to build an access road to the second international bridge over the Paraná River (Presidente Franco - Foz de Iguazú)**
Client: Republic of Paraguay
Amount: USD 212 million
- Program for the improvement of the electricity transmission and distribution system and the modernization of distribution management**
Client: Administración Nacional de Electricidad (ANDE)
Amount: USD 136 million
- Sanitation program for intermediate cities**
Client: Republic of Paraguay
Amount: USD 52 million
- Line of uncommitted standby credit**
Client: Republic of Paraguay
Amount: USD 300 million
- Uncommitted revolving line of credit**
Client: BANCOP - Banco para la Comercialización y la Producción S.A.
Amount: USD 9 million

PERU

In 2019, CAF continued to support the country's efforts to reduce the infrastructure gap, strengthen institutional, increase productivity and improve SME's access to financing, as well as address the social and environmental issues identified in the National Competitiveness and Productivity Plan, the National Infrastructure Plan for Competitiveness and the National Financial Inclusion Policy.

Within this context, CAF approved USD 2.2 billion in operations in Peru, of which USD 700 million corresponded to sovereign risk operations and USD 1.5 billion to non-sovereign risk operations aimed at contributing to high-impact social and productive initiatives, as well as strengthening the country's financial system.

Under the PPP modality, CAF continued to support the development of infrastructure with the approval of a USD 50

million loan for the execution of the No. 4 Road Network Project, including the construction, operation and maintenance of 358 km of highway between Pativilca and Trujillo. This road, part of the Pan-American Route, runs through three Peruvian departments (La Libertad, Ancash and Lima) along the northeast coast.

CAF also approved the renewal of two standby lines of credit for the

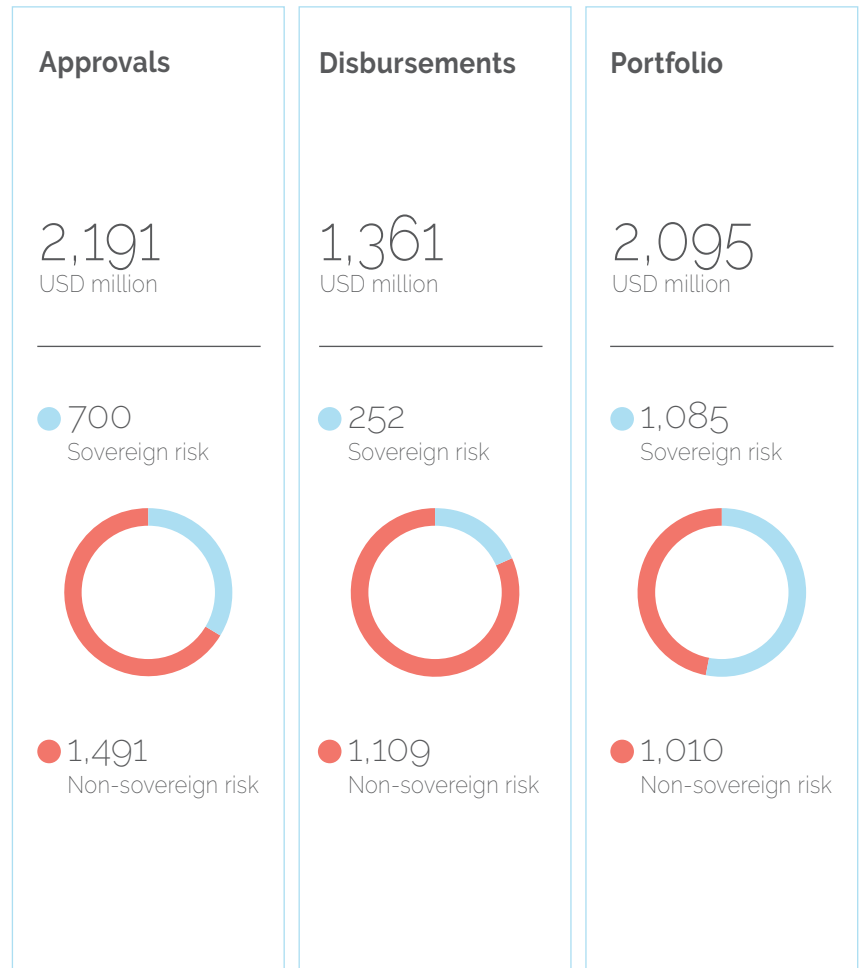
CAF reaffirmed its support to improve SME's access to financing.



Republic of Peru for a total of USD 700 million. These approvals include USD 300 million to address contingencies related to natural disaster relief and USD 400 million in support of public debt management strategies to mitigate risks arising from international financial markets.

In 2019, CAF approved 11 technical cooperation operations in the amount of USD 1.14 million in Peru.

IN NUMBERS



APPROVALS



- Standby uncommitted non-revolving line of credit**
Client: Republic of Peru
Amount: USD 400 million
- Non-revolving and uncommitted standby line of credit for natural disaster emergency response**
Client: Republic of Peru
Amount: USD 300 million
- Road Network N°.4 Project - Chimbote Bypass Road (AUNOR)**
Client: Sociedad Concesionaria Autopista del Norte S.A.C. (AUNOR)
Amount: USD 50 million
- Financial and corporate lines of credit**
Client: Multiple
Amount: USD 1.4 billion

TRINIDAD 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, encompassing three of the five pillars of the National Development Plan "Vision 2030;" and the private sector (financial and productive) with the aim of promoting a process of productive diversification; and institutionality, to drive actions geared to improving the efficiency and effectiveness of the public sector, which includes the modernization of management systems, along with the regulatory environment and associated rules.

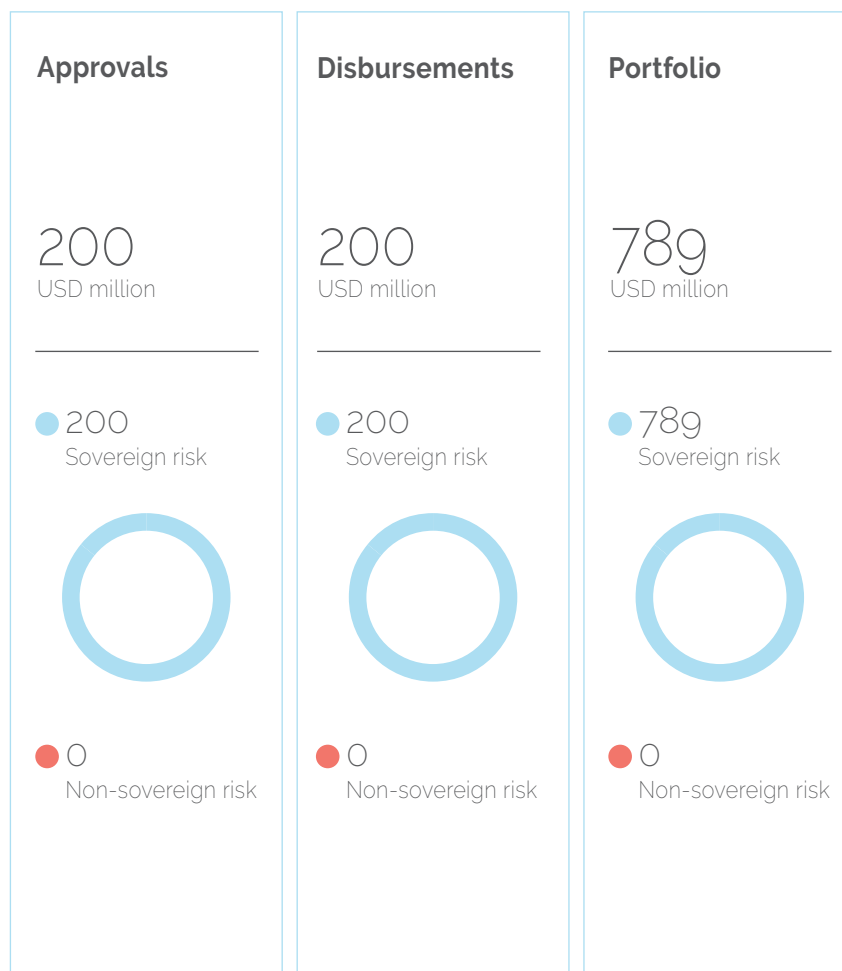
In 2019, a sector-wide approach program for road construction, rehabilitation and maintenance for USD 200 million was approved to boost the development of the national road network, through improvements in infrastructure, maintenance, and investment planning and management mechanisms in the transport sector.

In addition to loans to the public sector, CAF has approved non-reimbursable technical assistance resources in the amount of USD 300,000 to strengthen the planning capacities of the Ministry of Works and Transport (MOWT) and to improve the drainage system and prevent floods on the island of Trinidad, coastal protection of the island of Tobago and the teaching of Spanish in the educational system, among other initiatives.

CAF supported the development of the national road network through the sector-wide approach program for road construction, rehabilitation and maintenance.



IN NUMBERS



APPROVALS



- 1. Sector-wide approach program for road construction, rehabilitation and maintenance**
Client: Republic of Trinidad and Tobago
Amount: USD 200 million

URUGUAY

CAF's strategy in Uruguay is designed to contribute to the development of transport infrastructure (roads, railways, ports) by stimulating an increase in productivity in all sectors of the economy through investment in innovation and development, fostering quality drinking water coverage, and venturing into education and job training improvements.

In 2019, CAF's approvals in Uruguay for the sovereign sector included the renewal of the standby line of credit for capital markets for USD 750 million and a loan of USD 80 million for the construction of a dam on the Casupá Stream in the Santa Lucia river basin, which will ensure water security for the metropolitan drinking water system by 2045. The project, which will benefit two million inhabitants, is part of a series of actions CAF is carrying out in Latin America under the institution's 2019-2022 Water Agenda.

Without a sovereign guarantee, a loan was approved to finance the Ferrocarril Central railway project, which consists of the rehabilitation of the section between Paso de los Toros and the Port of Montevideo, a key component for the logistics and development of Finnish UPM's second pulp mill in Uruguay. To complete the financial plan related to the design, rehabilitation and maintenance of the project, USD 315 million in resources were mobilized from the pension savings fund managers (AFAPS) and state-owned Banco de Seguros del Estado (BSE).

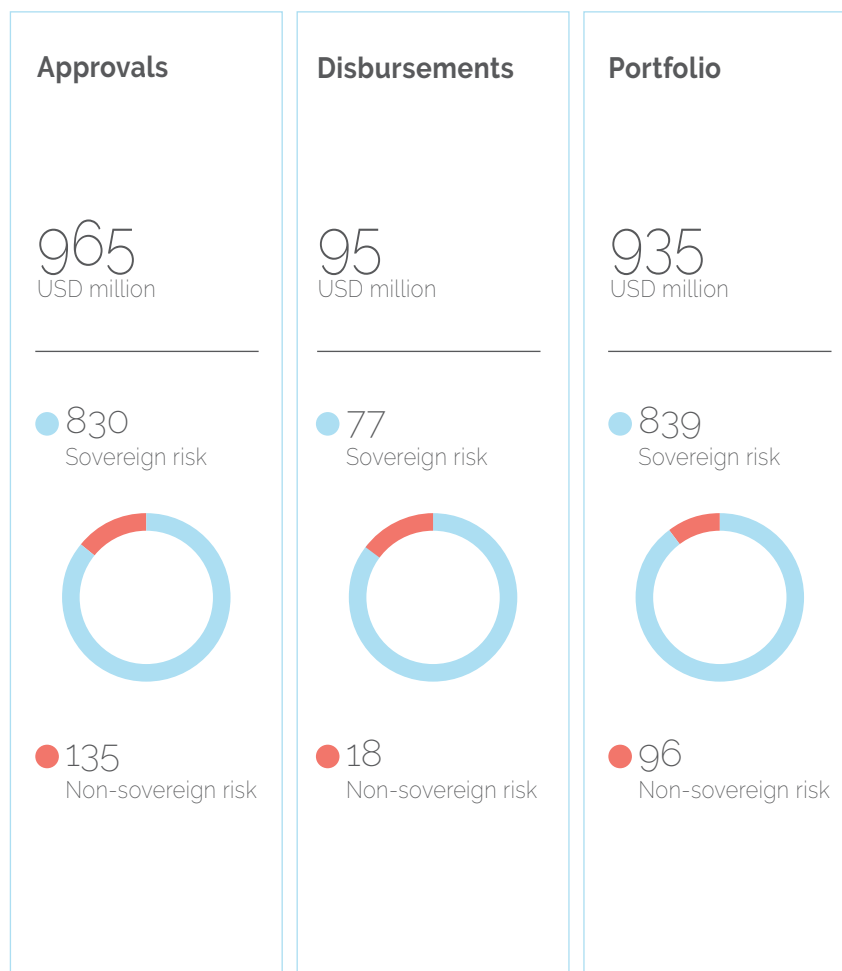
CAF supported the rehabilitation of the railway section between Paso de los Toros and the Port of Montevideo.



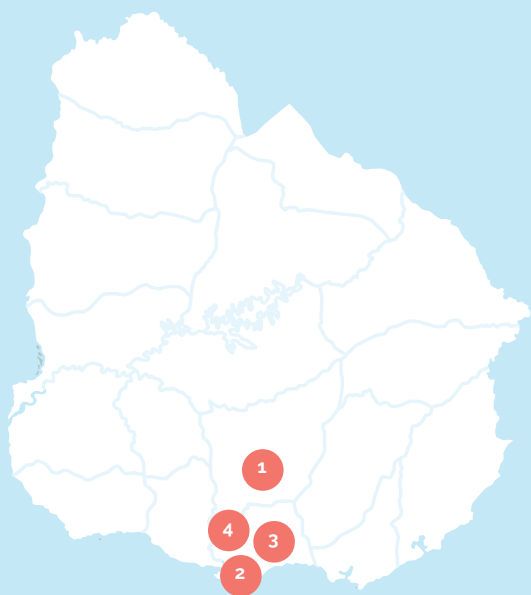
Likewise, within the framework of the co-financing facilities of the Financial Trust Debt Fund for Infrastructure in Uruguay CAF-AM, three loans were granted for the rehabilitation of 552 kilometers of roads, and for the construction of educational and sports infrastructure.

Finally, CAF approved technical cooperation operations in the amount of USD 378,000 in education, health care, logistics and SME-related sectors.

IN NUMBERS



APPROVALS



- Construction project to build dam on the Casupá Stream in the Santa Lucía river basin**
Client: Oriental Republic of Uruguay
Amount: USD 80 million
- Uncommitted standby line of credit for capital markets**
Client: Oriental Republic of Uruguay
Amount: USD 750 million
- Long-term loan for the Central Railroad**
Client: Grupo Via Central S.A.
Amount: USD 85 million
- Uncommitted revolving line of credit**
Client: Banco Hipotecario del Uruguay (BHU)
Amount: USD 50 million

VENEZUELA

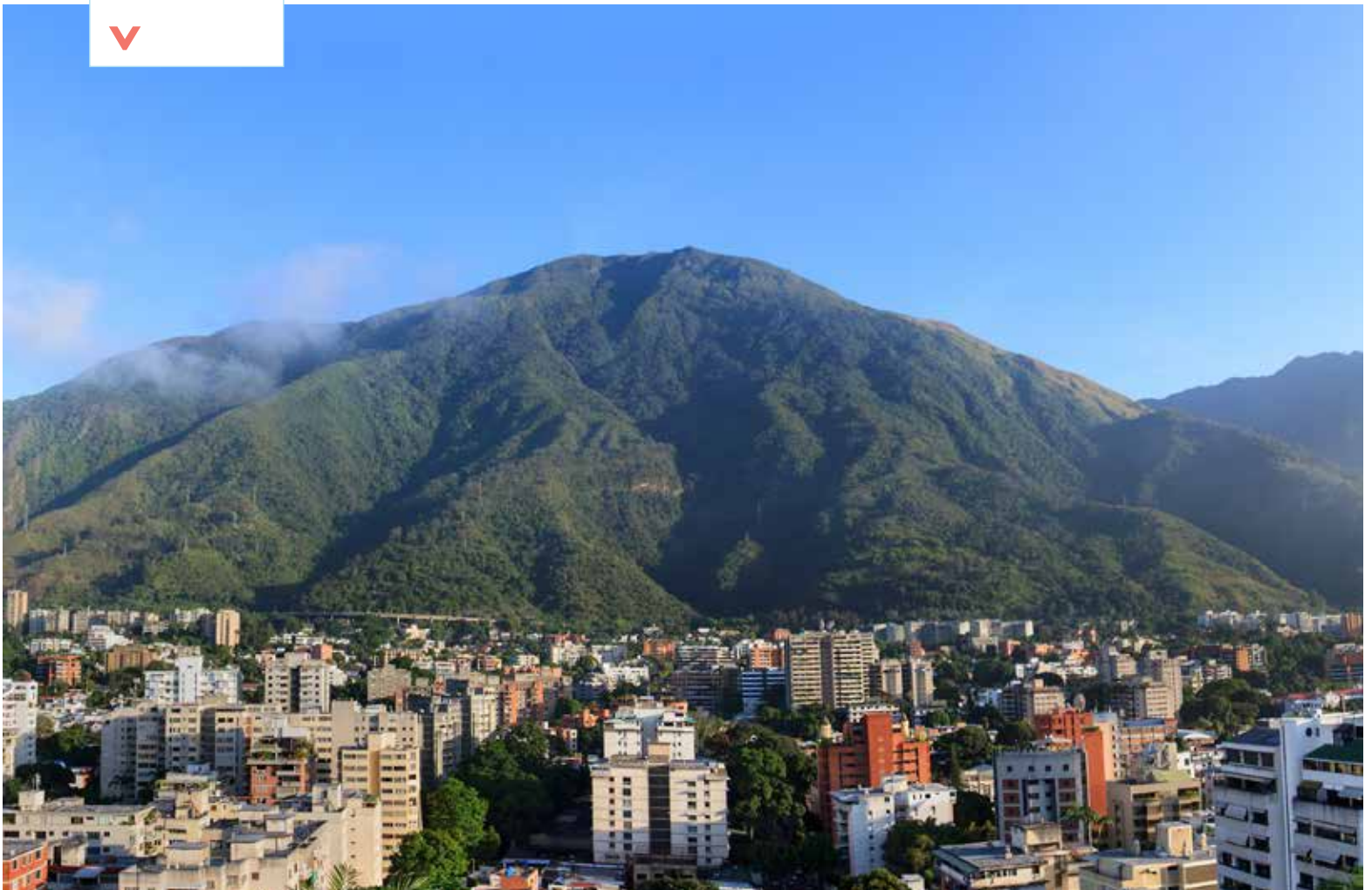
Throughout the year, CAF continued to support projects underway in the country.

In 2019, the first stage of the project to rehabilitate the Dr. Alejo Zuloaga water treatment plant was completed. New flotation tanks with an innovative system for the removal of suspended matter for better end quality in the water clarification process were put into operation. Their innovative design required computerized fluid dynamics modeling, which was developed with assistance from University of Oxford. With the start-up of this stage, an increase in flow of 1.4 m³/s was obtained, with a significant improvement in the quality of the treated water. As a complement to this credit operation, USD 265,000 of non-reimbursable technical

assistance was approved to study and propose an action plan for the comprehensive rehabilitation of the plant's raw water supply and delivery system. In addition, with the aim of making the intervention more comprehensive, part of these non-reimbursable resources will also serve to design and propose a comprehensive action plan to repair Las Canalitas dam and improve the Turimiquire and Clavellinos hydraulic systems. Once fully rehabilitated, the plant is expected to benefit 2.5 million people.

As part of the corporate strategy aimed at accompanying the process of improving productivity in the

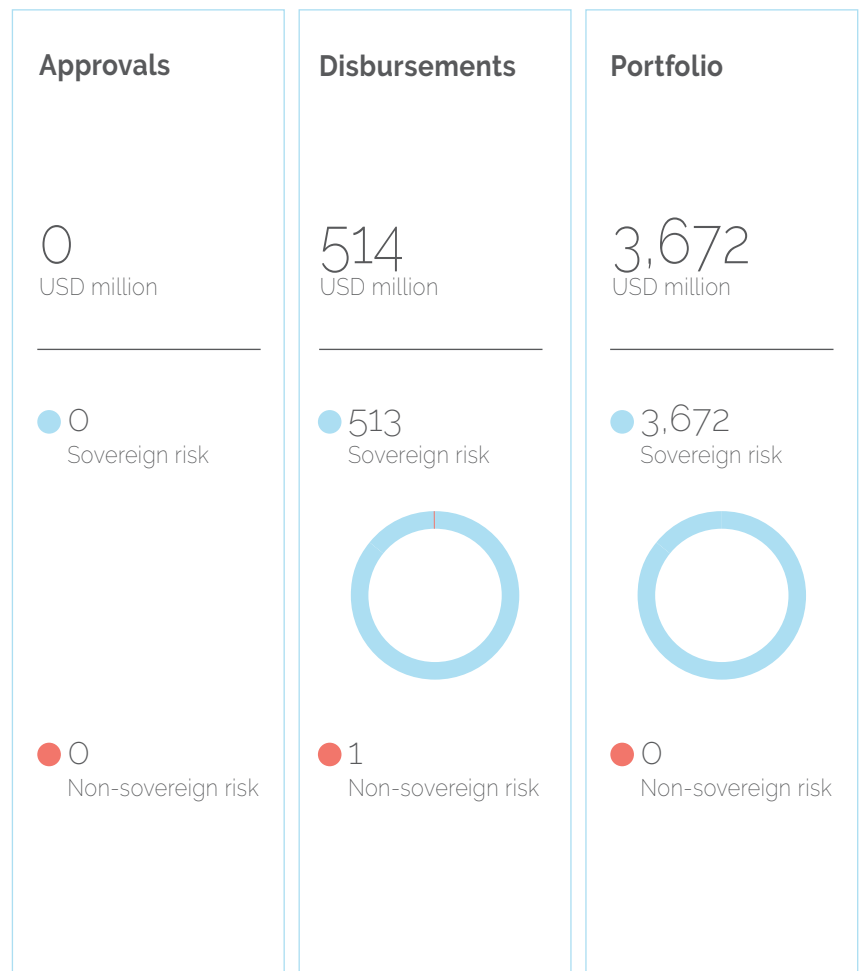
CAF continued to support projects underway in the country.



region, CAF met with the main public and private actors in the country's agro-industrial sector. In coordination with other development agencies in the country, chambers, unions and associations, the sector's main needs and opportunities were identified.

In 2019, CAF approved five technical cooperation operations in the amount of USD 650,000. Within this sector, and as part of the ongoing support for the cacao and chocolate industry in Venezuela, resources were granted to strengthen the productive and marketing capacities of small cacao producers on the Paria peninsula.

IN NUMBERS



OTHER COUNTRIES

IN NUMBERS

Approvals

2,857
USD million

1,697
Sovereign risk



1,160
Non-sovereign risk

Disbursements

2,306
USD million

750
Sovereign risk

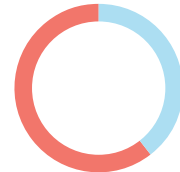


1,556
Non-sovereign risk

Portfolio

1,809
USD million

714
Sovereign risk

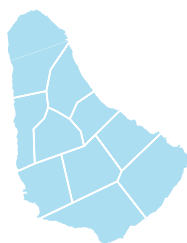


1,095
Non-sovereign risk

CAF's commitment to its shareholders drives its development of programs in the areas of institutionality, equity, infrastructure and sustainability



BARBADOS



In 2019, CAF and Barbados signed a loan agreement for USD 10 million to finance the Drinking Water Infrastructure Rehabilitation Project. The loan will strengthen the sector's planning capacities and improve the quality, reliability and efficiency of Barbados' drinking

water systems. Funds from CAF will enable the development of a strategic plan, pre-investment studies, the rehabilitation and optimization of existing infrastructure, and the reduction and control of unbilled water, in benefit of approximately 82,000 users.

CHILE

Approvals:

650

USD million

1. A/B Loan

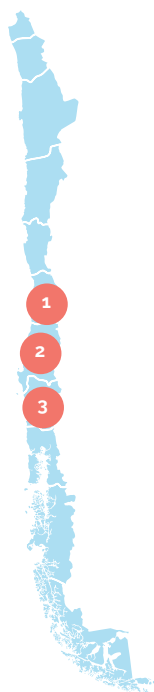
Client: Tanner Servicios Financieros S.A.
Amount: USD 80 million

2. Uncommitted revolving line of credit

Client: Banco del Estado de Chile
Amount: USD 100 million

3. Financial lines of credit

Client: Multiple
Amount: USD 470 million



In 2019, CAF approved an A/B Loan for USD 80 million, of which USD 60 million corresponds to the catalytic portion to finance the operations of Tanner Servicios Financieros with its clients in the micro, small and medium-sized business segments through invoice discounting operations, leases and credits for working capital and investment.

Likewise, support for the process of internationalization of the Chilean financial sector was maintained with the renewal of lines of credit aimed at promoting exports.

In addition, CAF disbursed funds of a corporate loan granted Atacama Solar, a project for the construction, operation and maintenance of a large photovoltaic solar park in the north of Chile.

CAF approved USD 3 million in technical cooperation resources to finance studies for the Submarine Cable Integration Project: "Asia-South America Digital Gateway." The project aims to install the first direct digital connection between South America and Asia by laying a submarine fiber optic cable.

COSTA RICA



Approvals:

515

USD million

1. Support program for the strengthening of public finances

Client: Republic of Costa Rica
Amount: USD 500 million

2. Uncommitted revolving line of credit

Client: Banco Improsa S.A.
Amount: USD 15 million

In March 2019, the government of the Republic of Costa Rica expressed interest in initiating the corresponding actions so that Costa Rica can be incorporated as a full member country of CAF. Costa Rica joined CAF as a Series-C shareholder in 2002 and, once this accession process is completed, it will join the institution's 11 full member countries. In 2019, the country increased its capital contribution to CAF through the Central Bank of Costa Rica. With this, CAF will be able to deepen its action in the country and strengthen

its support in strategic sectors necessary to promote Costa Rica's development.

In 2019, CAF approved a USD 500 million loan based on a public policy matrix (PBL) aimed at supporting the country's fiscal efforts and helping to meet its short-term financing needs.

Lastly, the current line of credit with Banco Improsa was increased by USD 5 million to provide financing to small and medium-sized Costa Rican companies.

SPAIN



In 2019, CAF's activity in Spain was focused on promoting the exchange of knowledge, experiences and good practices, acting as a platform to connect institutional and business sectors.

At the institutional level, one of the most important activities performed was the II Annual CAF Conference "Europe - Latin America Relations, Sustainable Development and Digital Inclusion," held in Madrid.

At the business level, activities included the use of a USD 130-million facility underwritten in 2018 with the Official Credit Institute (ICO) in addition to several co-financing operations. At the end of 2019, CAF and ICO signed a new agreement for a new line of credit of up to USD 200 million aimed at supporting sustainable projects with Spanish capital in Latin America and the Caribbean. CAF's European office participated in the conception of the Internet para Todos project [Internet for All], carried out by CAF, Telefónica, IDB

Invest and Facebook to reduce the digital gap in remote populations in Latin America, driven by the strategic alliance in place with the telecommunications operator.

Actions carried out to foster the exchange of knowledge included the V Edition of the Latin America-Spain Water Dialogues (Diálogos del Agua América Latina-España), in line with an agreement signed with the Spanish Ministry of Ecological Transition, and the organization of the VII edition of the Future in Spanish (Futuro en Español) program. Events were held in Malaga, a city renowned for the development of the entrepreneurship and innovation ecosystem, and Murcia, famous for its work in the field of water resource management and development of the agri-food sector. In the framework of this event, the III Water Management Mission in the Murcia region took place. Representatives of different management institutions and political authorities working to address water issues in Argentina, Bolivia, Colombia, Ecuador, Peru and Uruguay exchanged valuable experiences with organizations and companies in the Murcia region.

II Annual CAF Conference "Europe-Latin America Relations, Sustainable Development and Digital Inclusion" held in Madrid



MEXICO



Approvals:

950
USD million

- 1. Support Program for the Implementation of the National Regulatory Improvement Strategy**
 Client: United States of Mexico
 Amount: USD 300 million
- 2. Financial lines of credit**
 Client: Multiple
 Amount: USD 650 million

At the CLXVII Meeting of CAF's Board of Directors held in Panama City, Mexico formally announced its decision to join the institution as Series "A" shareholder.

During 2019, CAF reaffirmed its commitment to Mexico by granting the Secretariat of Finance and Public Credit (SHCP) a USD 300-million policy-based loan to strengthen the National Strategy for Regulatory Improvement, which supports actions to foster greater transparency and efficiency in public management.

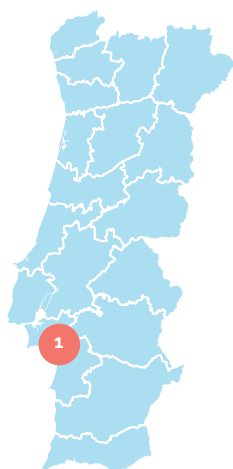
Likewise, lines of credit extended to Banco Nacional de Comercio Exterior (BANCOMEXT) and Nacional Financiera (NAFIN) were renewed to finance strategic projects in the SME sector. The former chose to disburse USD 350 million from CAF's uncommitted revolving line of credit, while NAFIN disbursed USD 400 million throughout the year. A USD 100-million line of credit granted agriculture-related trust funds (Fideicomisos Instituidos en

Relación con la Agricultura) committed to the Special Fund for Agricultural Financing was renewed to boost the productive and technological development of the sector.

In the private sector, the first USD 3 million disbursement of a line of credit granted the Banco Regional de Monterrey (Banregio) was made to finance medium-sized companies through factoring operations. In the same vein, CAF continued to play a significant role in supporting the venture capital industry through investments in Partners Group Mexican Energy Infrastructure, the fund of funds México II, Nexxus Capital Private Equity VI and Mexico Ventures I.

Finally, a total of five technical cooperation operations with CAF resources were approved for an amount of USD 410,000, mainly covering the areas of institutionality and efficiency. Resources for energy efficiency and the environment were approved in the amount of USD 665,000 using funds from the French Development Agency (Afd).

PORTUGAL



Approvals:

20
USD million

- 1. Uncommitted revolving line of credit**
 Client: Sociedade para o Financiamento do Desenvolvimento - SOFID
 Amount: USD 20 million

During the year 2019, relations with the Agency for Administrative Modernization (Agência para a Modernização Administrativa, AMA) were consolidated. CAF and the AMA initiated the development of a joint case study to document the Digital Transformation Strategy of Portugal, focused on

providing recommendations for Latin American countries.

In addition, a line of credit for USD 20 million was approved for the Portuguese development finance institution Sociedade para o Financiamento do Desenvolvimento (SOFID) to finance Portuguese SMEs in Latin America and the Caribbean.

DOMINICAN REPUBLIC



Approvals:

127

USD million

1. Santo Domingo Eastern Aqueduct Expansion Project

Client: Dominican Republic
Amount: USD 97 million

2. Uncommitted revolving line of credit

Client: Banco BHD León S.A.
Amount: USD 30 million

In 2019, a USD 97-million loan was approved for the Santo Domingo Eastern Aqueduct Expansion Project, which aims to improve the quality of life and sanitary conditions in surrounding and rural areas in two municipalities: Santo Domingo Este and Santo Domingo Norte. This project is expected to improve the quality of life of more than 850,000 inhabitants through the continuous supply of quality drinking water, the reduction of water-related diseases and a decrease in household spending on potable water supply.

In addition, the line of credit granted to Banco BHD León for USD 30 million was renewed. This line of credit for financing long-term investments aims to support the country's productive transformation to boost economic growth.

Lastly, at CAF's Board of Directors meeting held in July 2019, the government of the Dominican Republic expressed its interest in starting the corresponding actions to become a full member of CAF. Initial negotiations were carried out to define the terms and process its request.

CAF supported the expansion of Santo Domingo's eastern aqueduct, an intervention that will improve the quality of life and sanitary conditions in surrounding rural areas of the capital city.



OTHER ACTIONS IN EUROPE

In 2019, CAF continued its talks with Italy and initiated conversations with France and the United Kingdom as part of ongoing efforts to expand the institution's membership.

In Italy, CAF continued negotiations with the Italian Ministry of Economics and Finance and the Ministry of Foreign Affairs and International Cooperation. Likewise, relations were strengthened with the Latam Business Forum, LIDE and the Italo-Latin American Institute (ILIA), an organization with which CAF signed a memorandum of understanding (MoU).

In France, CAF participated in the meetings of the management team and the advisory board of the OECD Regional Program for Latin America, of which CAF is part, and the 11th International

Economic Forum of Latin America and the Caribbean, which was attended by high authorities from France, Latin America and international organizations. Additionally, CAF presented its report RED 2018 and the economic prospects for the region at the Latin America and Europe Study and Research Center (CERALE), the Network of Entrepreneurs of France (MEDEF), the National Committee of Foreign Trade Advisors France (CNCCEF), and the OECD.

In the United Kingdom, CAF strengthened relations with the Foreign and Commonwealth Office (FCO), the Department for International Trade (DIT) and Chatham House, where it presented its report RED 2018. The conference "Latin America 2019: Transitions, Trade and Transparency" was also organized in the U.K. in 2019.

MULTINATIONAL

In relation to multinational technical cooperation operations, CAF approved a total of 32 operations in the amount of USD 19.4 million. They include USD 15 million to finance the second phase of both the Regional Infrastructure Preinvestment Program and of the Preinvestment Program for the Water Sector, and USD 1 million to finance the CAF Virtual Training Program to improve public sector management. Approvals also include operations aimed at strengthening digital governments, transparency and intelligent use of data, innovation in the public and private sectors, and financial inclusion, among others.

Approvals:

595
USD million

1. Regional standby line of financing for extreme climate events, earthquakes, contaminating accidents and epidemics

Client: Shareholder countries or sub-national entities with sovereign guarantee
Amount: USD 300 million

2. Uncommitted revolving line of credit

Client: Banco Latinoamericano de Comercio Exterior S.A. (BLADEX)
Amount: USD 150 million

3. Uncommitted revolving line of credit

Client: Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA)
Amount: USD 75 million

4. Committed revolving line of credit

Client: Corporación Interamericana para el Financiamiento de Infraestructura S.A. (CIFI Holding)
Amount: USD 25 million

5. Uncommitted revolving line of credit

Client: Latin American Agribusiness Development Corporation S.A.
Amount: USD 15 million

6. Equity investment

Client: Latam Impact Fund L.P. (private equity fund)
Amount: USD 10 million



2019

Integral
Development
Agenda



CAF'S INTEGRAL DEVELOPMENT AGENDA AIMS TO ENSURE THE INSTITUTION'S ACTIVITIES ADDRESS THE MOST RELEVANT ISSUES FOR SUSTAINABLE DEVELOPMENT AND INTEGRATION OF LATIN AMERICA AND THE CARIBBEAN THROUGH FINANCIAL INSTRUMENTS AND KNOWLEDGE SERVICES. THIS AGENDA SEEKS TO DRIVE LATIN AMERICAN GROWTH TO REDUCE PRODUCTIVITY GAPS WITH RESPECT TO HIGH-INCOME ECONOMIES WITHIN A FRAMEWORK OF ENVIRONMENTAL SUSTAINABILITY. THIS IS BASED ON THE FORMULATION OF INITIATIVES THAT FOSTER HIGHER LEVELS OF HUMAN DEVELOPMENT AND FINANCIAL INCLUSION, ENHANCE THE MANAGEMENT CAPACITY OF PUBLIC INSTITUTIONS, STIMULATE REGIONAL INTEGRATION AND PROVIDE OPPORTUNITIES FOR DISCUSSION AND CONSENSUS AMONG THE REGION'S COUNTRIES.

TO THIS END, CAF HAS DEFINED FIVE STRATEGIC AREAS TO APPROACH THE MAIN CHALLENGES IN THE REGION. CORPORATE OBJECTIVES ARE OUTLINED BASED ON THESE STRATEGIC AREAS GUIDING CAF'S ACTIONS TO ACHIEVE SUSTAINABLE DEVELOPMENT AND INTEGRATION IN THE REGION:





EFFICIENCY:

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

EQUITY:

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

SUSTAINABILITY:

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

INSTITUTIONALITY:

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

INTEGRATION:

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

Efficiency



PRIVATE SECTOR

In 2019, CAF implemented a transition for its strategy for the Productive Sector. The new focus aims to promote the sector as a driver for development and an element to face the economic and social challenges in the region. In this regard—and in line with the corporate strategy's pillars of efficiency, equity and sustainability—three strategic lines of action were defined, which modify the historical performance of operations with non-sovereign guarantees.

In order to increase **the productivity of SMEs** across the region, CAF has developed and promoted financial and non-financial products that encourage productivity and competitiveness of these enterprises, with an emphasis on internationalization, innovation and productive integration, along with the incorporation of sustainable environmental and social practices (gender, energy efficiency, green business, digital transformation, etc.). To this end, CAF is developing a new partial credit guarantee scheme in partnership with financial allies in different countries: the first credit line of this scheme has already been granted Ecuador for up to USD 30 million.

As part of the effort to help SMEs, a strategy has been implemented to provide several academic centers in the region with technical assistance

from European universities and financial resources from CAF so that they adapt to and incorporate business models based on the delivery of **enterprise innovation** services. In addition, modern financial products and tools are being developed and implemented so commercial and development bank resources can be invested in innovation projects for SMEs.

In **infrastructure and the private sector**, CAF continues to encourage development with the support of regional governments through the implementation of financial solutions and catalyst-driven institutional investment in the region by means of special investment vehicles and guarantees. For example, CAF partnered with Telefónica Perú, Facebook and IDB Invest to finance the Internet para Todos project (Internet for All) (IpT) in rural areas in Peru.

Regarding **financial inclusion** development, more comprehensive efforts were made to enhance access to, use and the quality of financial products across the region through the design, dissemination and implementation of strategies and instruments for the placement of financial resources, supporting skill strengthening for individuals, enterprises, financial intermediaries, and public and private institutions. It is important to note that multiple micro-financial entities in the region have received support to develop digital business models to reduce costs, increase efficiency and benefit a broader population.

TRANSPORT INFRASTRUCTURE, INTEGRATION, LOGISTICS, COMMUNICATIONS AND ENERGY

CAF's Infrastructure Agenda contributes to bridging the infrastructure gaps in Latin America by improving the provision, quality, functionality and integration of strategic, sustainable and resilient infrastructure to promote a more articulated and intra-connected region through the implementation of multisectoral operations in transport, energy, telecommunications, logistics and infrastructure to foster integration.

In order to consolidate road development in the region, the executing unit for decentralized transport management Provias Descentralizado received supported in 2019 through the ProRegion program for the improvement of the departmental road system in Peru. In Trinidad and Tobago, CAF implemented a pilot plan to alleviate urban traffic congestion in Port of Spain and San Fernando.

With the aim to incorporate digitization and modernization processes to road construction and operations, Peru and Uruguay received support to develop plans to implement the BIM (Building Information Modeling) methodology. Provias Nacional received assistance to produce the report *Criterios para fijar el peaje en función del peso del vehículo en la red de carreteras* [Criteria to set a toll according to a vehicle's weight on the highway system].

Quality **urban transport** systems foster accessibility and connectivity in cities. Therefore, support for the implementation of urban transport and mobility was maintained in several cities across the region. Highlights in 2019 include modernization of the bus network in the Buenos Aires Metropolitan Area; a road safety action plan, the structuring of the public transport system, and investment in the construction and commissioning of the first phase of the BRT system in the city of Santa Cruz de la Sierra; the publication of a study entitled *Me Muevo Segura* [I travel safely] as part of a regional program to ensure safe public spaces for women and girls, along with a tactical urbanism





pilot program to improve security conditions in some areas of Bogotá, and a review study for a new legal, operational and financial scheme to separate the Metrobus system's bus operation from ownership in Mexico City.

In Piura, a city in the northeast of Peru, assistance was provided for the design of a smart cities technological platform to host citizen services such as traffic and natural disaster security and management. Similarly, a pre-investment study for the first phase of an integrated transport system in Piura was conducted. Moreover, feasibility studies for a BRT system in Trujillo, including rate structure and policy studies for the city's transport system, were completed. In Lima, work on the design of a dedicated metropolitan bikeway was started. The project will connect some of the city's poorest neighborhoods with employment centers and metro Line 1.

In **energy, renewable and clean energy** projects were supported to guarantee accessibility to the electricity service. They include projects focused on non-conventional sources in Argentina, Chile, Peru and Uruguay.

In energy efficiency and grid reinforcement, a program for the strengthening of electricity distribution networks in the shrimp farming aquaculture sector has received support in Ecuador, while assistance has been approved for an enhancement program at Loja for underground distribution lines and the replacement of light bulbs with more efficient ones.

QUALITY URBAN TRANSPORT SYSTEMS
PROMOTE ACCESSIBILITY AND CONNECTIVITY
IN CITIES.

In **energy integration**, studies were conducted to determine the potential for developing power interconnection between Bolivia and Paraguay; inventory studies of the binational hydropower project between Brazil and Bolivia in the Madeira River watershed; and a study to gain insight into the current status of energy integration across Latin America with a 2040 outlook.

CAF's **Digital Agenda**, in turn, has been contributing to the development of a digital ecosystem in Latin America and the Caribbean through different initiatives. In order to increase investment in telecommunications infrastructure, especially in rural areas, the Internet for All model in Peru began its expansion. The project aims to connect 6 million people to the Internet in 30,000 rural locations. In terms of digital cities, progress was made to finance components of information highways in Brazil, in the states of Para and Salvador de Bahia, involving the development of fiber optic and metropolitan networks for real-time information exchange.

Within the framework of the digitization of traditional physical

infrastructure, CAF leads a regional initiative for the development of roadmaps promoting productivity gains based on the digitization of economic sectors.

In order to meet the demand for Internet interconnection in Central America and improve regional connection with the North and South of the Americas, CAF is leading the initiative for a feasibility study to build a Regional Digital Hub in the city of Panama, next to an IXP domestic network in Central American countries. In the same vein, studies were commissioned for a submarine cable initiative called "Asia-South America Digital Gateway." The prospective analysis will determine the technical, legal and economic feasibility necessary for the construction of a submarine fiber-optic cable between South America and Asia.

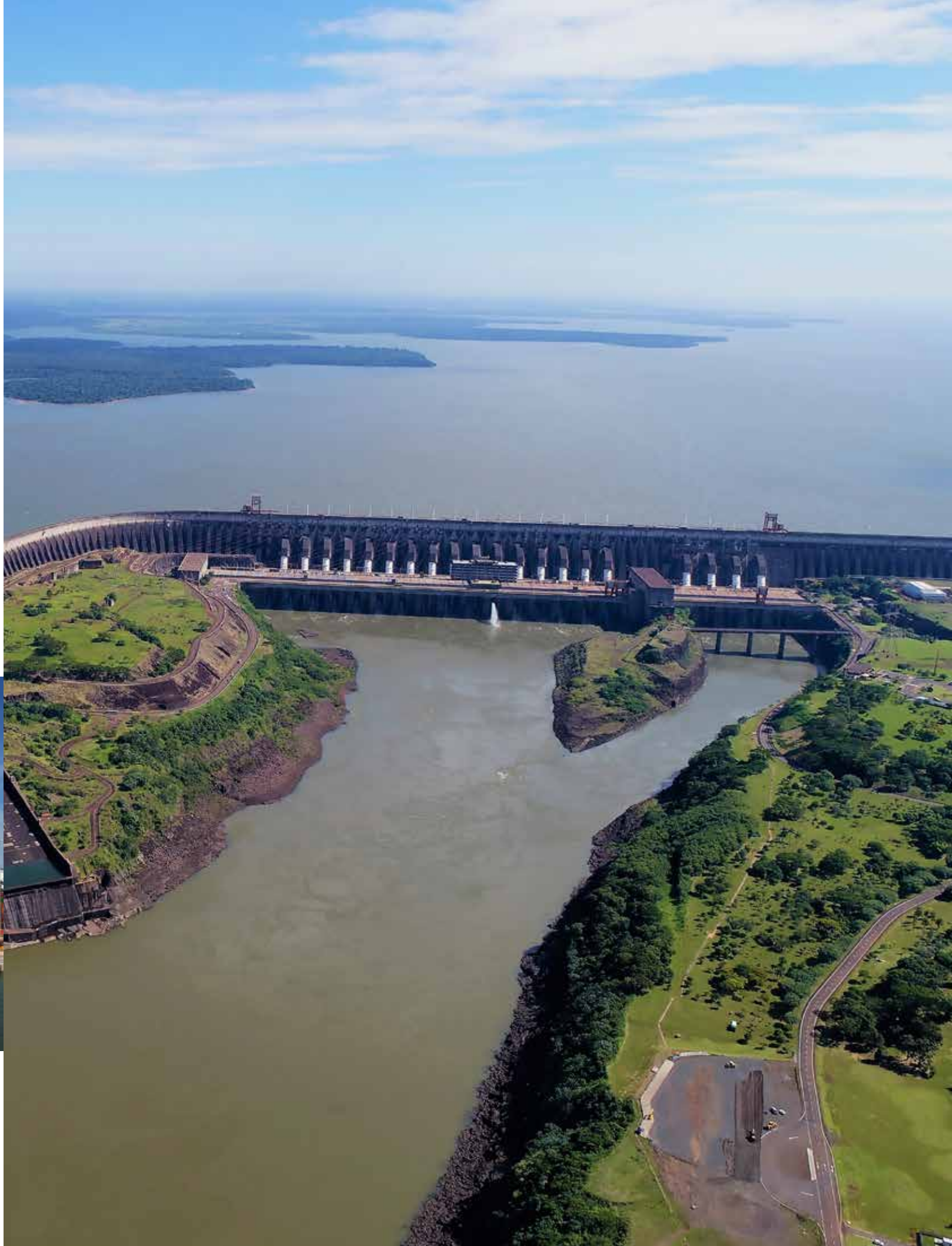
For the **Infrastructure Pre-investment Program for the Region (CAF-PPI)**, an additional amount of USD 10 million was approved, totaling USD 20 million committed to pre-investment studies. Furthermore, in 2019, technical cooperation was formalized in Argentina, Bolivia and Chile.

The **Regional Logistics Development Program (CAF LOGRA)** is making progress aimed at identifying, fostering and implementing projects and programs designed to improve the performance of national logistics systems, as a supplement to the third phase of the Collaborative and Digital Ports Program in partnership with SELA.

CAF recognizes the importance of disseminating new cooperation schemes between states and private companies by supporting **PPPs** as an effective instrument to execute infrastructure projects, improve skills and strengthen public sector institutions.

Along these lines, the book *Public-Private Partnership in Latin America. Facing the challenge of connecting and improving cities* was published. Work is currently underway to launch the first CAF virtual Diploma in PPPs for public officers.





Equity



CAF DRIVES A REGIONAL AGENDA OF SUSTAINABLE DEVELOPMENT THAT FAVORS SOCIAL INCLUSION, IMPROVED QUALITY OF LIFE AND THE CREATION OF OPPORTUNITIES FOR ALL THE INHABITANTS OF LATIN AMERICA. WITHIN A STRATEGIC APPROACH TO EQUITY, CAF FOSTERS ACTIONS FRAMED IN FIVE FUNDAMENTAL FOCAL POINTS: (I) WATER; (II) EDUCATION; (III) URBAN DEVELOPMENT; (IV) HEALTH AND NUTRITION; AND (V) SOCIAL INCLUSION AND GENDER EQUITY. CAF OFFERS ITS SHAREHOLDER COUNTRIES DIFFERENT INTEGRAL FINANCING MECHANISMS FOR INVESTMENT PROJECTS AND PROGRAMS, SPECIALIZED TECHNICAL ASSISTANCE AND KNOWLEDGE MANAGEMENT APPLIED TO STRENGTHENING SKILLS, PROJECTS IMPROVEMENTS AND DISSEMINATION OF INTERNATIONAL BEST PRACTICES.

Water

CAF's strategic vision for water management is based on an integrative approach to water security, as reflected in Water Strategy 2019-2022, published in 2019. To this end, CAF has defined the following sector-specific goals: safe efficient and sustainable access to water and sanitation services; reduction of water pollution and preservation of ecosystems; efficient and affordable access to rural irrigation services for family agriculture; multisectoral water development for agribusiness and other productive uses; and strengthening of governance and sustainable management of water resources.

CAF-approved initiatives in the water sector include financing for eight drinking water, sanitation, rural development and urban drainage investment programs and projects in Argentina, Brazil, Colombia, Paraguay, the Dominican Republic and Uruguay. These initiatives are expected to contribute to the construction and rehabilitation of six wastewater treatment plants and the installation of 7,300 new sewerage connections, among other benefits. In addition, USD 5 million were earmarked for the first phase of the Pre-investment Program for the Water Sector, and a new phase was

approved for an additional amount of USD 5 million, among other technical cooperation resources for the industry.

In 2019, CAF co-organized LATINOSAN 2019 and led the World Water Council technical group for water financing, among other interventions in exchange activities and international forums. Similarly, for the fifth consecutive year, CAF organized Dialogos del Agua America Latina-España [Latin America-Spain Water Dialogues]. In this edition, the topic of discussion was "Water and resilience to climate change."

Education

In 2019, CAF continued to implement its Education Agenda 2017-2022, addressing the following focal points: increase access to early education and ensure completion of high school, improve the quality of education at all levels, and strengthen the relevance of education.

Highlights in 2019 include the approval of financing for USD 100 million for the Program to Improve

Access and Quality of Education in the province of Jujuy, Argentina, designed to benefit around 260,000 students and 32,000 teachers. In addition, technical assistance initiatives were approved in support of the implementation of projects in Panama and Uruguay, while several publications with international partners such as the European Union, FLACSO and Diálogo Interamericano were released.

Another important highlight is a memorandum of understanding signed with UNICEF covering specific comprehensive care interventions for early childhood development and the improvement of the relevance of education for young people.

Urban development

CAF promotes and strengthens an efficient urban management model focused on optimizing accessibility to goods; quality services; and socioeconomic, recreational and cultural opportunities, in order to contribute to improved productivity and social inclusion by introducing resilience and gender equity approaches.

Along these lines, CAF spearheaded the dissemination and implementation of the "Ciudades con Futuro" [Cities with a Future] initiative, consolidating the link with current clients and identifying cooperation opportunities with potential beneficiaries.

During 2019, CAF approved five operations to finance integral urban interventions in several Brazilian cities, such as Camaçari, Jaraguá do Sul, Contagem and Jacarei, along with Ecuador's urban agenda support program. In terms of technical cooperation, resources were approved for the formulation of urban development studies and projects in cities in Colombia, Peru and Paraguay.

Within the framework of the urban development strategy, support was provided for the organization of exchange workshops among more than 400 public officials from Argentina, Bolivia, Brazil, Ecuador, Mexico, Peru and Uruguay to share experiences and knowledge, and enhance the impact of current and potential projects.





Health and nutrition

CAF contributes to reducing the prevalence of chronic undernutrition and micronutrient deficiencies in early childhood through these strategic lines: promotion of health, favorable environments and food security, improvement in the provision and management of public services, and enhancement of institutional capacities. In this regard, CAF's technical team for the implementation of this agenda was strengthened and multiple initiatives were approved to reduce chronic child childhood undernutrition through the implementation of nominal follow-up and results-based budgeting tools in Ecuador, and multisectoral strategies in water and sanitation programs in Bolivia.

Inclusion and gender

CAF's inclusion and gender equity agenda continued to drive the incorporation of the cross-cutting principle of equality of opportunities and empowerment of women to all of CAF's operations and activities. Affirmative gender actions were included in three new financing operations in education, agribusiness and the water sector, and gender mainstreaming was supported in two operations linked to GEF and GCF. Using technical cooperation resources, the Federación de Cajas Municipales de Ahorro y Crédito [Federation of Municipal Savings and Loans Financial Institutions] in Peru and the Comisión para el Mercado Financiero [Commission for the Financial Market] in Chile strengthened their skills to offer financial services and products from a gender perspective.

Highlights in 2019 include support to the Secretariat of Human Rights in Ecuador in connection with SDG 5 to eliminate all forms of violence against all women and girls. In addition, a plan for training in gender mainstreaming was launched, and actions were conducted to raise awareness and disseminate information.

CAF FOSTERS AND STRENGTHENS AN EFFICIENT URBAN MANAGEMENT MODEL FOCUSED ON OPTIMIZING ACCESSIBILITY TO GOODS; QUALITY SERVICES; AND SOCIOECONOMIC, RECREATIONAL AND CULTURAL OPPORTUNITIES, IN ORDER TO CONTRIBUTE TO IMPROVED PRODUCTIVITY AND SOCIAL INCLUSION BY INTRODUCING RESILIENCE AND GENDER EQUITY APPROACHES.

SOCIAL INNOVATION

During 2019, CAF continued to pursue the generation of practical knowledge through the testing of models with the potential to become useful solutions to address the social challenges faced by vulnerable population groups.

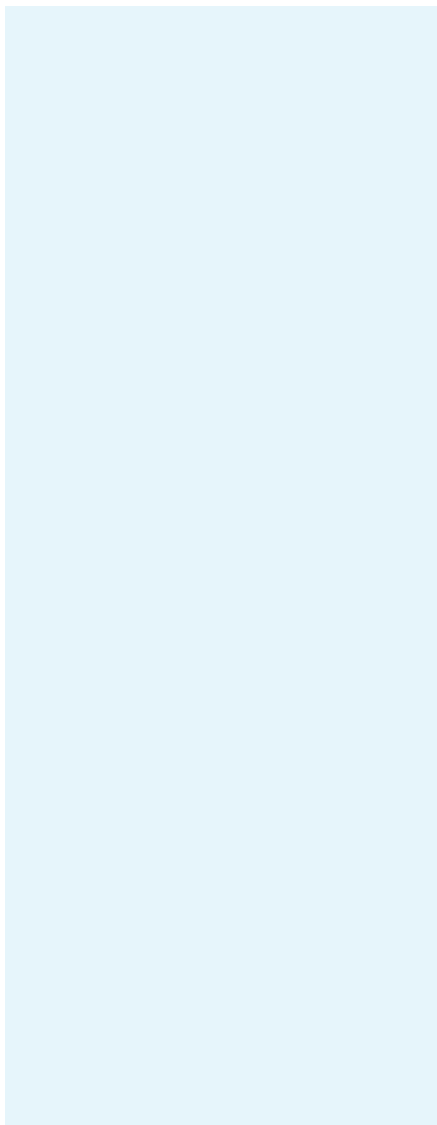
In **ecosystem approach** and **strategic alliances**, partnering with Grupo Once, a public-private ecosystem for inclusive mobility and social innovation for disabled people in five countries was formed. With more than 500 triple-impact companies in the region, the B Movement was supported through legislation. In addition, the Plataforma de Innovación con Sentido [Innovation with Meaning Platform] channeled USD 2 million to triple-impact business models and the Unión de Responsabilidad Social Universitaria Latinoamericana [Latin American University Social Responsibility Union] was expanded to over 160 universities. With Fundación Paraguaya [Paraguayan

Foundation], the platform that facilitates the use of a poverty elimination indicator (Semáforo de la eliminación de la pobreza) was activated and teams in Colombia and Ecuador were trained in the platform's implementation. With the University of Oxford, presentations in shareholder countries were completed, and the need to complement the traditional poverty indexes with subjective measurements was discussed. In addition, in partnership with Ashoka, social innovators were selected for training in scaling strategies in 2020.

Through territorial approach, social inclusion skills and opportunities for vulnerable populations were enhanced.

As part of inclusive mobility, care and signage protocols in support of disabled people were adapted with the help of TransMiCable and Grupo Once, and lessons learned were shared with public transport authorities and operators in Ecuador, Mexico, Panama and Peru at sessions entitled "Social Innovation, Transport and Disability Workshop."

In innovative education, progress was made with the Manos que



Salvan Vidas project [Hands that save lives] in Colombia and Mexico, including clinical trials performed with more than 5,000 patients.

For at-risk youth, life and job skills were strengthened in Argentina through the Entornos Creativos program [Creative Environments] in San Isidro (Buenos Aires Province) and Corrientes Province, where the Secretariat of Education provided support. In addition, in partnership with Caritas and Hogar de Cristo, community leaders in 21 provinces were trained. In Venezuela, with the Queremos Graduarnos project [We want to graduate], alliances with public and private schools were formed; in addition, a virtual classroom and a franchise of the model for future replication were launched.

In the sphere of **local development**, more than 8,000 people benefited from an innovative model of **access to safe water** that helped recover community work. Along this line, two projects with a positive social impact were launched: in La Guajira, Colombia, with Wayúu communities, including reduced maternal mortality and child malnutrition, productive activities and the construction of educational classrooms; and, in

Trinational Chaco, with productive projects in handcrafts, agriculture and livestock production.

In **financial inclusion**, a qualitative leap was achieved with the development and implementation of a technological application that automates management of community banks (Bankomunal). In addition, negotiations progressed with electronic wallet platforms to be used as a transactional vehicle. In this regard, Mi BKClub was awarded a prize for "insurance innovation" by Fundación Mapfre.

In the sphere of **housing and energy efficiency**, progress was achieved in Colombia through housing improvements based on a circular economy model that uses waste materials to make building blocks. In Argentina, a health project was launched with Fundación Pro Vivienda Social. In Uruguay, an energy savings project was initiated with Abrojo and the Ministry of Industry, Energy and Mining. In Paraguay, women entrepreneurs built 270 bathrooms and kitchens in the framework of the "Sentí que se puede" contests [I really can do it].

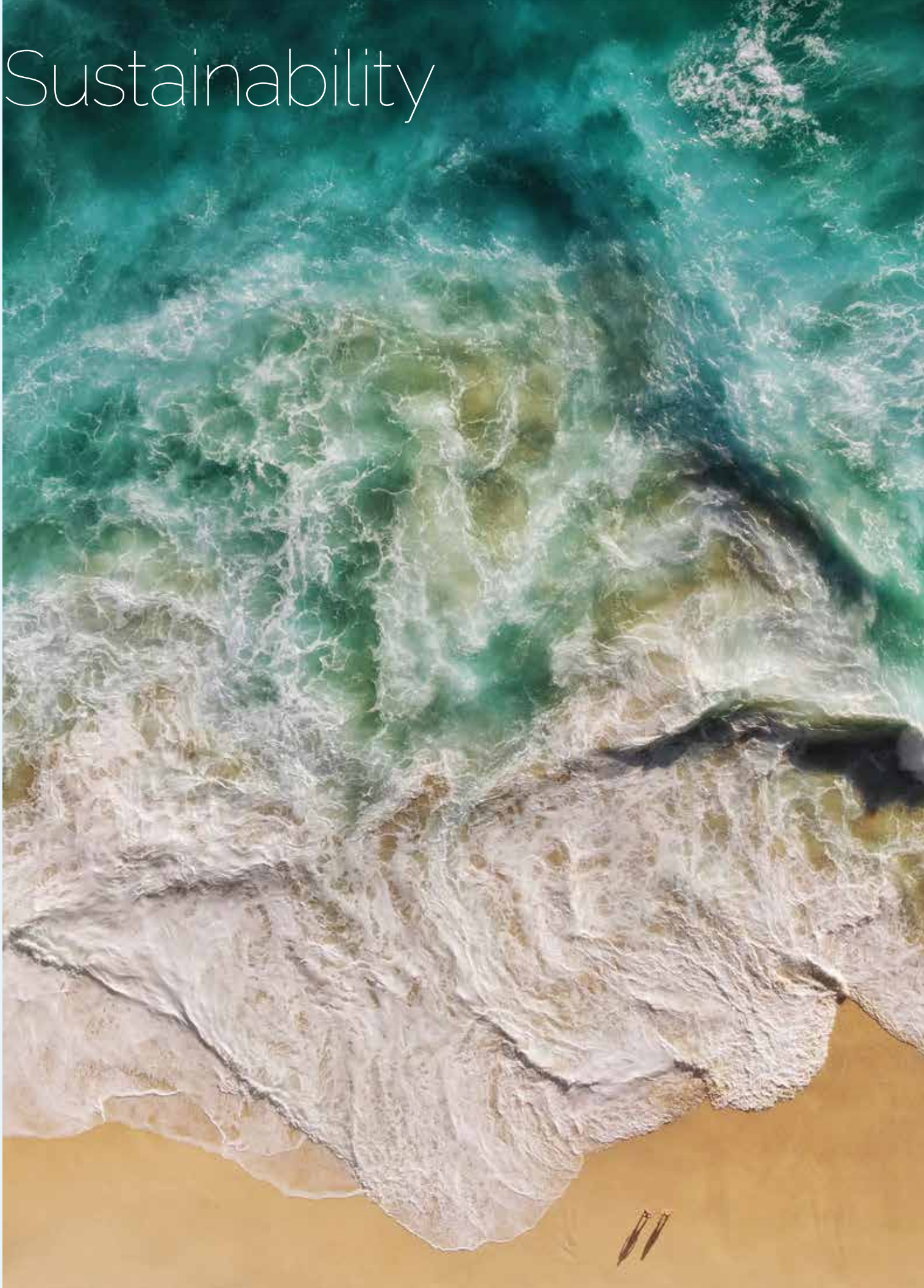
In the Peruvian Amazonia, the **social innovation, connectivity and health care** project became the embryo of Internet for All and the possibility



of replicating the IpT connectivity is being studied in the Peruvian highlands. Umana, in turn, an inclusive health care model in Argentina, reached 80,000 users, providing care in 34 specialty fields with a network of 182 professionals. The Umana project uses a technological platform and a mobile application that contribute to model growth.

CAF's actions were disseminated among public-private ecosystems interested in replicating and scaling them, and through social innovation learning documentation published as: *Innovación Social y Empresas B* [Social innovation and B-Corps], *El Semáforo de Eliminación de Pobreza* [The poverty elimination indicator] and *Un modelo de empresa social en penales* [A social enterprise model in prisons].

Sustainability





GREEN AGENDA: CLIMATE CHANGE AND NATURAL CAPITAL

CAF's Green Agenda fosters the incorporation of development solutions based on nature, credit facilities for low-carbon growth resilient to climate change, and processes supporting virtuous cycles of green financing.

To fulfill the objectives set forth in the agenda, four strategic lines are adhered to: i) development of environmental policies, strategies, plans and programs; ii) strengthening of institutional capacities to face environmental and climate challenges and opportunities; iii) incorporation of environmental and climate variables to project design and structuring; iv) acceleration of financing through green funds and soft lines of credit. CAF's environmental and social performance standards has earned the institution a highly competitive position and recognition as an implementing agency for projects with institutions such as the Green Climate Fund (GCF), the Global Environmental Fund (GEF) and the Adaptation Fund (AF).

Countries receive support to meet their Paris Agreement-associated climate change goals, Aichi Biodiversity targets and Sustainable Development Goals. Six urban climate assessments were conducted and 12 pre-investment studies for projects with climate co-benefits were completed for eight cities, for a total of USD 2.4 million. In addition, a value proposal for investments in urban forests and green spaces was completed, while support was granted to the structuring of four operations. Furthermore, a Blue Economy proposal was developed and published, aimed at countries that require sustainable shore and ocean management. CAF's Green Program was expanded with 25 productive sustainable value chains to assist green exporting SMEs, while EUR 800,000 were channeled to studies conducted in the sector. Moreover, six green financing operations were supported and 12 credit lines were renewed for USD 755.9 million, along with incorporating natural capital criteria in operations to finance tree planting and green space recovery projects in 10 Brazilian municipalities and states.

Along the same lines, a new EUR 150 million green credit line was negotiated with AfD (France) for climate change mitigation and adaptation projects, along with USD 80 million for a new credit line for energy efficiency with KfW. Tools for the implementation of these credit lines were designed, and training was delivered in the use of these tools and the identification of projects in the pipeline that could benefit from them. In 2019, CAF reinforced its support for the Green Bonds Program to identify and assess credit operations to back the first public issue of the green bond, for EUR 750 million.

In addition, USD 85 million in donation funds captured from GCF, GEF and AF were approved for environmental and climate projects. There were 16 beneficiary countries of the eight GEF projects for USD 47 million, six GCF projects for almost USD 5 million and three AF projects for USD 31 million, plus seven regional projects covering from two to eight countries. These projects are in line with CAF's strategic programs such as Cities with a Future and Financial Inclusion, and with the agendas for water, energy efficiency and the private sector, encouraging an optimal impact on the execution of these agendas that is measured, checked and evaluated.

Moreover, in 2019 the relationship with key partners such as IDFC, AFD, KfW, Smithsonian, UNCTAD, FAO, WWF, UNESCO, OAS and the MIT was strengthened by the consolidation, exchange and dissemination of best practices and collectively managed knowledge.

Institutional Structures



DIGITAL TRANSFORMATION TO IMPROVE THE INSTITUTIONAL QUALITY OF STATES

Through the Office of Digital Innovation of the State (DIDE), established at the end of 2018, CAF helps regional governments enhance their institutional structures by supporting digital transformation and promoting more agile, open and innovative governments that can leverage new technologies and data intelligence applied to the improvement of public management and their citizens' quality of life at the national and subnational level, particularly in cities.

Action lines are: digital government and public innovation; regulatory improvement and administrative

streamlining; transparency and public integrity mechanisms; smart cities and digital municipalities; and the leveraging of new technologies and data intelligence in the public sector.

In 2019, the strategy and actions implemented by CAF positioned the institution on the regional sectoral agenda and stimulated the dialogue with shareholder governments. In the same vein, it was possible to identify opportunities to support and design projects where the institution has an added value and comparative advantages. Along these lines, a sectoral policy loan was generated and structured in support of the Implementation of the National Strategy for Regulatory Improvement in Mexico (USD 300 million), and CAF participated in six credit operations, most of them in Brazilian cities.

In 2019, CAF supported 10 countries by providing sectoral advisory and technical assistance at the national and subnational level. Thirty-one technical cooperation initiatives were structured to help countries drive the digital transformation of the state.

In **regard to Digital government and public innovation**, progress was achieved in the structuring

IN 2019, CAF'S STRATEGY AND ACTIONS PUT THE INSTITUTION ON THE REGIONAL SECTORAL AGENDA AND STIMULATED THE DIALOGUE WITH SHAREHOLDER GOVERNMENTS. IN THE SAME VEIN, IT WAS POSSIBLE TO IDENTIFY OPPORTUNITIES TO SUPPORT AND DESIGN PROJECTS IN WHICH THE INSTITUTION CAN ADD VALUE AND HAS COMPARATIVE ADVANTAGES.

of multiple dialogue and advising instruments in Argentina, Brazil, Colombia, Costa Rica, Panama, Peru, Portugal and Spain.

Additionally, two regional initiatives to be implemented in 2020 and 2021 were approved: the report *Going Digital: The State of the Digital Government in Latin America in 2020*, about the digital government status in the region, prepared jointly with OECD, and an initiative to foster the strategic use of data and artificial intelligence in the public sector in Latin America, to be implemented in partnership with the WEF and Telefonica, among others.

In the domain of **data intelligence and new technologies**, CAF positioned itself on the global agenda in support of GovTech ecosystems, especially those for MSMEs and startups with a public mission; in addition, GovTechLab, CAF's GovTech platform, was launched, including: the first regional GovTech report (to be published in 2020); the 2020 GovTech index, which analyzes the potential of national ecosystems in the region; a proposal for an equity fund for GovTech; methodologies for the implementation of GovTech

Labs and Public Challenges Initiatives; and the GovTech Observatory crowdsourcing tool for the identification of startups in the region (to be published in 2020). Furthermore, different GovTech ecosystems were analyzed and opportunities for CAF—like innovative investment funds, public programs, public policies and procurement—were defined.

In terms of data, CAF became a significant actor in the region thanks to its participation in the Program Committee for the Latin America and the Caribbean Open Data Conference (CONDATOS) in Ecuador. In addition, a proposal was drafted for a report about the value of data in Latin America in 2020. At the same time, the first CAF-OECD meeting of the Network on Open and Innovative Government was held in Cali, Colombia. CAF supported the acceleration and scaling of GovTech in Colombia. Also, a cooperation agreement was signed with IE's Public TechLab to boost GovTech in Ibero-America.

In **regulatory improvement and simplification of procedures**, a group of economic regulators



organized in Argentina implemented a digital regulatory reporting pilot project and the drafting of a resolution to establish transparency standards for public companies. Furthermore, support was given to the regulatory reform mandate of the Chilean National Productivity Commission and to the structuring of a regulatory impact analysis tool. Sectoral dialogue processes were opened with Argentina's Secretariat of Productive Simplification, Peru's National Institute for the Defense of Competition and the Protection of Property (INDECOPI), among other public institutions across the region.

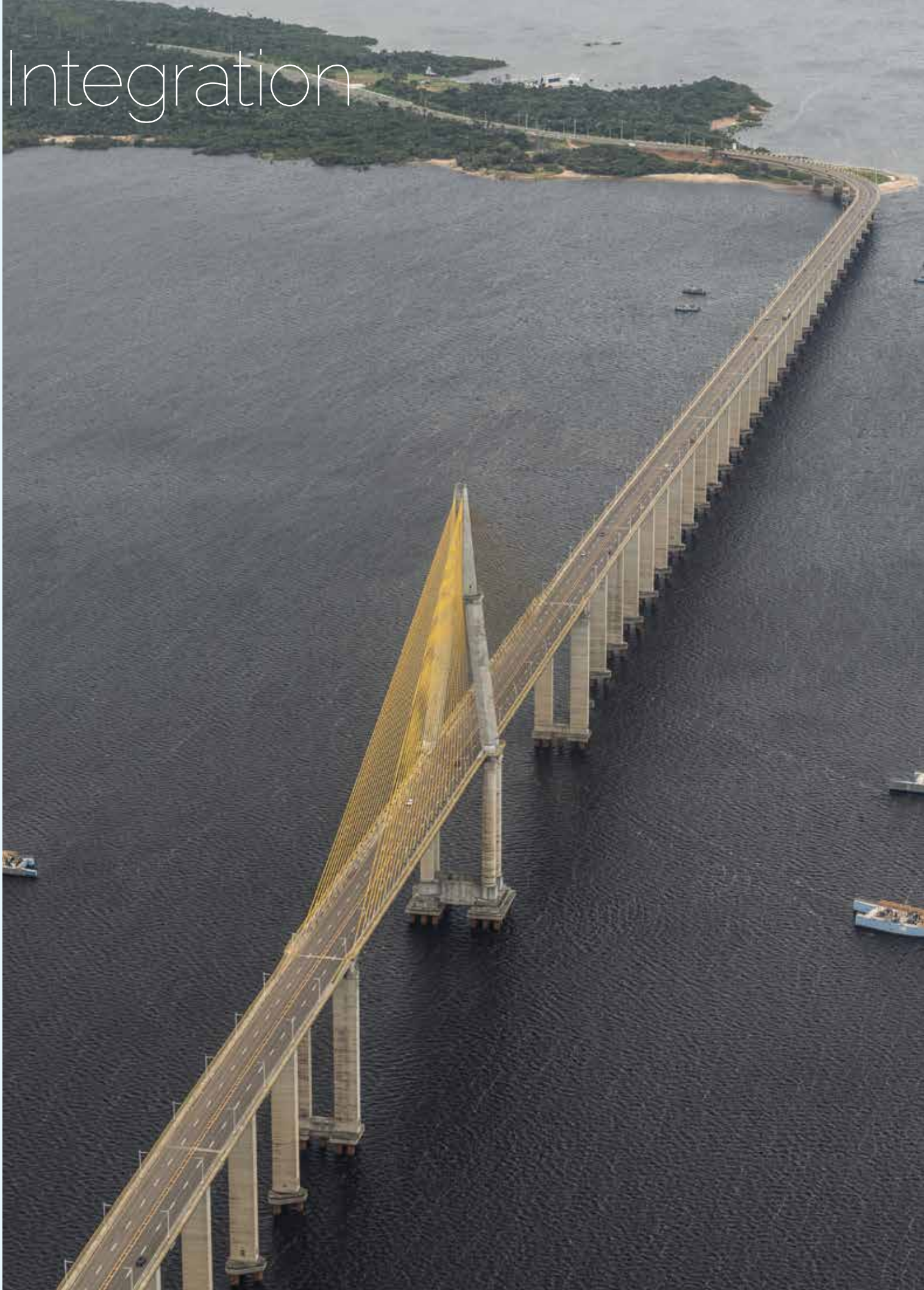
Two **transparency and public integrity** initiatives were launched: Data Infrastructure for Integrity (IN4IN) and Integrity for Infrastructure (I4I). The first one covers technical assistance for governments such as Colombia and Ecuador for the implementation of the Inter-American Open Data Program (PIDA) organized by the OAS, focusing on the use of open data to monitor public management and fight against corruption. The second initiative seeks to ensure governments of the integrity of the supply chain of goods in the infrastructure area through the digitization of the sector, as in Peru.

In addition, CAF began to actively support the integrity of procurement systems. Along these lines, the government of Mexico City is receiving support to open its public procurement actions. A regional initiative was approved to strengthen electronic systems for public procurement in the member countries of the Inter-American Government Procurement Network (RICG), along with the OAS, by improving data quality and use to assess the risks of corruption in government procurement processes. The Secretariat of Transparency in Colombia received support for the formulation of an open government public policy, a cross-cutting component of a government's policy to fight against corruption.

Projects related to **smart cities and digital municipalities** were launched in the cities of Mexico, Buenos Aires and São Paulo. Support was given CAF's office in Brazil to identify activities to foster smart cities and digital municipalities through the institution's loan programs, such as, for example, in the Três Lagoas Municipality.



Integration





Latin American integration faces multiple challenges. In a constantly changing context within an uncertain global environment, Latin America must look for new paths to boost productivity by leveraging the advantages offered by the region. Along these lines, actions to strengthen binational and regional integration are key for the region's productive development as they facilitate business, enable intra-regional value chains and drive a strategic insertion in the global arena.

During the first half of 2019, CAF worked intensively to understand the reality of the Latin American region, including field visits and interviews to local actors. This information survey identified cross-border areas as natural spaces to address these opportunities. In order to meet this challenge using a specific methodology, CAF designed an Integral Border Management Program (PROGIF), approved at the CLXVI Board Meeting held in July 2019. This innovative program includes a bottom-top approach to understanding local dynamics, a comprehensive territorial vision driving multisectoral interventions, and coordination initiatives among institutions and different actors aimed at covering all stakeholders.

Under PROGIF, CAF carried out actions on these borders in 2019:

- **Bolivia-Peru:** Organization of La Paz National Workshop (February, 2019), Puerto Maldonado National Workshop (April, 2019), Cobija National Workshop (June, 2019) and the Binational Cobija Network (October, 2019), all concluding with the presentation of a roadmap (November, 2019) that included the identification of development priorities in the area (connectivity and basic services improvements, productivity boost, strengthening of binational cooperation and heterogeneity of norms). In this same vein, 2020 heralds the implementation of infrastructure, productive and territorial development, and regulatory projects.
- **Chile-Peru:** By participating in the Binational Border Commission, CAF held preliminary discussions on areas for cooperation between both countries. It is expected that in 2020 the institution will work on the implementation of binational and local projects along with Tacna's government.
- **Colombia-Peru:** Stemming from its participation in the Binational Border Commission at the end of 2019, CAF continued the discussion on areas for cooperation. Studies were prioritized for the implementation of strategic projects in key areas such as energy, water and health;
- **Mexico-Guatemala:** CAF conducted a reconnaissance mission to understand the reality of the states of Chiapas and Tabasco, in the southeast of Mexico. As a result of this field work, and in close coordination with the Mexican authorities, CAF began to outline a roadmap that will be submitted to Mexico's Secretariat of Economy in 2020. In addition, a technical cooperation initiative is being analyzed by CAF to conduct studies under the Trade Facilitation, Economic Development and Investment between the South-Southeastern States of the United States of Mexico and the Central-American countries in the Northern Triangle project with the aim to assess the area and define trade facilitation and value chain proposals and recommendations.

training programs to formulate sustainable projects; and meetings to facilitate regional dialogue.

In addition, CAF supported regional initiatives aimed at driving relations with integration agencies. In this regard, CAF attended meetings with senior authorities of the Andean Community and the Mesoamerica Project, where possible lines of joint actions on regional integration issues were discussed. Similarly, CAF provided technical and financial support to projects that contributed to regional integration by strengthening relations between the region's multilateral agencies.

Within the framework of the Pacific Alliance, technical cooperation was granted two major initiatives: the "Institutional strengthening of the Pacific Alliance - Design for a governance management mechanism," in support of governance through the design of a technological platform that facilitates inter-institutional coordination, and

the "Formulation of the logistics competitiveness agenda among the Pacific Alliance countries" for the design of a logistics competitiveness agenda that drives trade across this bloc.

In addition, assistance was provided to the "SMEs Productive Articulation Program," developed by the Latin-American Economic System (SELA) to train agencies supporting inclusive value chains and SMEs with exporting capabilities to boost trade and development across the region.

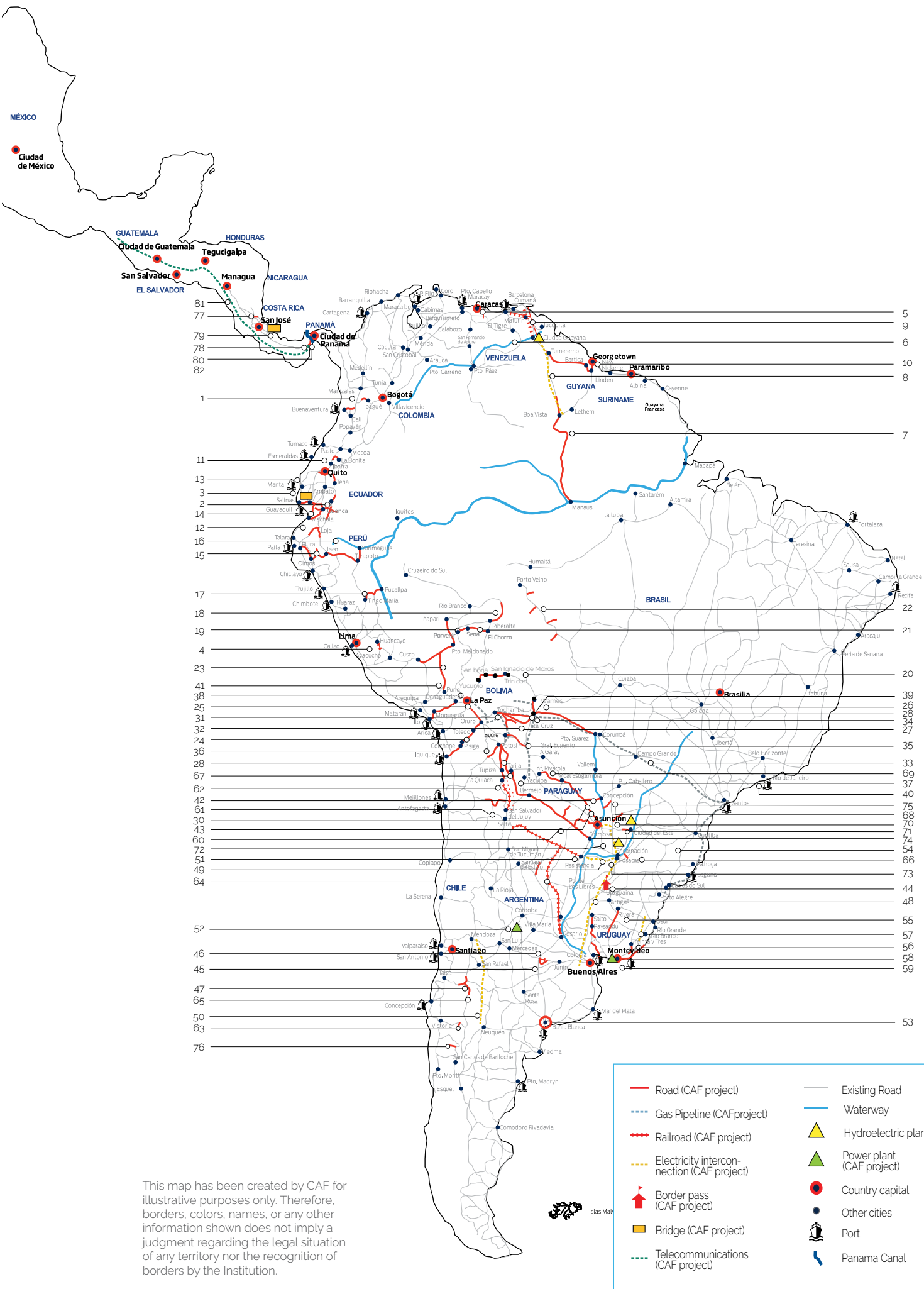


PHYSICAL INTEGRATION PROJECTS FINANCED BY CAF OVER THE PAST 23 YEARS

	CAF's contribution	Total investment (in USD millions)	
Andean Axis			
1	Colombia: Bogota-Buenaventura road corridor	447.0	1,116.6
2	Ecuador: Amazon connection with Colombia and Peru (Carretera Troncal del Oriente) (Eastern Trunk Road)	93.8	152.7
3	Ecuador: Segmental bridge project over Babahoyo River	123.0	133.9
4	Peru: Rehabilitation of the Huancayo-Huancavelica Railroad	14.9	18.8
5	Venezuela: Connection of the Caracas Railroad with the national network	360.0	1,932.0
6	Venezuela: Support for commercial navigation on the Orinoco-Apure River Axis	10.0	14.3
Guyanese Shield Axis			
7	Brazil: Venezuela-Brazil road interconnection	86.0	168.0
8	Brazil: Venezuela-Brazil electricity interconnection	86.0	210.9
9	Venezuela: Ciudad Guayana-Maturin- Estado Sucre railway studies	2.6	2.6
10	Venezuela: Ciudad Guayana (Venezuela)-Georgetown (Guyana) roadway studies	0.8	0.8
Amazon Axis			
11	Ecuador: Central trans-Andean connection	33.7	54.5
12	Ecuador: Southern trans-Andean corridor	70.0	110.2
13	Ecuador: International cargo transfer port in the Port of Manta	35.0	525.0
14	Ecuador: Results-based Road Maintenance and Conservation Program (Project No. 7)	18.4	275.0
15	Peru: Northern Amazon road corridor	110.0	328.0
16	Peru: Pre-investment in the border region with Ecuador	5.3	8.7
17	Peru: Central Amazon corridor (Tingo Maria-Aguaytia-Pucallpa section)	3.5	13.6
Peru-Brazil-Bolivia Axis			
18	Bolivia: Guayaramerin - Riberalta highway	42.0	45.5
19	Bolivia: Porvenir- Puerto Rico highway	138.8	198.3
20	Bolivia: Yucumo- Trinidad highway	234.9	335.7
21	Bolivia: El Sena-Peña Amarilla-El Chorro highway	168.0	200.0
22	Brazil: Road Integration Program, State of Rondônia	56.4	134.2
23	Peru: Southern Inter-Oceanic Road Corridor (tranches 2, 3 and 4) and guarantees for private structuring	1,004.5	2,091.0
Central Inter-Oceanic Axis			
24	Bolivia: Bolivia-Chile road integration corridor	411.3	655.8
25	Bolivia: La Paz-Oruro dual-carriageway project	250.0	265.1
26	Bolivia: Santa Cruz-Puerto Suarez road integration corridor (tranches 3, 4 and 5)	280.0	585.5
27	Bolivia: Santa Cruz-Warnes dual-carriageway project	86.1	160.6
28	Bolivia: Construction of the Parque Industrial - Okinawa highway	47.0	47.0
29	Bolivia: Bolivia-Argentina road integration corridor	422.2	792.9
30	Bolivia: Bolivia-Paraguay road integration corridor	699.7	1,039.0
31	Bolivia: "Y" Road Integration Program	97.3	141.3
32	Bolivia: Rehabilitation of the La Guardia-Comarapa highway	153.2	224.8
33	Bolivia / Brazil: Bolivia-Brazil gas pipeline	215.0	2,055.0
34	Bolivia: Support program for the transportation sector (PAST IV)	22.4	32.3
35	Bolivia: "YPFB Transporte" gas pipeline	128.0	350.4
36	Bolivia: Complementary road works	70.0	73.0
37	Bolivia: Sector-specific transportation program	150.0	221.2
38	Bolivia: Fine-tuning program for highways	75.0	107.1
39	Bolivia: Construction of the Santa Cruz - Las Cruces - Buena Vista highway	112.0	212.0
40	Brazil: Complementary works for Arco Metropolitano do Rio de Janeiro	200.0	334.0
41	Peru: Bolivia-Peru road integration corridor	48.9	176.6
42	Paraguay: Rehabilitation and maintenance of paved roads by service levels (III roadway)	100.0	142.8
43	Paraguay: Rehabilitation and maintenance of national highway RN9	400.0	560.0

PHYSICAL INTEGRATION PROJECTS FINANCED BY CAF OVER THE PAST 23 YEARS

Mercosur-Chile Axis			
44	Argentina/Brazil: Paso de los Libres-Uruguiana border center	10.0	10.0
45	Argentina: Buenos Aires-Santiago Corridor (Laguna La Picasa road turnoff)	10.0	10.0
46	Argentina: Buenos Aires-Santiago Corridor (Laguna La Picasa railroad turnoff)	35.0	50.0
47	Argentina: Buenos Aires-Santiago Corridor (accesses to the Pehuenche Pass, national highways RN40 and RN145)	106.7	188.1
48	Argentina: Rincon Santa Maria-Rodriguez Electricity Interconnection	400.0	635.0
49	Argentina: Rincon Santa Maria-Resistencia Transmission Line	150.0	345.8
50	Argentina: Comahue-Cuyo Electricity Interconnection	200.0	414.0
51	Argentina: Road Integration Program between Argentina and Paraguay	110.0	182.0
52	Argentina: Extension of the Service Life of the Embalse Nuclear Plant	240.0	1,026.7
53	Argentina: Road Connectivity and Productive Infrastructure Program for Buenos Aires Province (Bahia Blanca beltway)	7.3	87.0
54	Brazil: First Phase of the Regional Integration Program, State of Santa Catarina	32.6	65.5
55	Uruguay: Mega-concession of the Main Connection Roads with Argentina and Brazil	25.0	136.5
56	Uruguay: Road Infrastructure Programs	240.0	757.1
57	Uruguay: Program to Strengthen the National Electricity System	150.0	621.0
58	Uruguay: Punta del Tigre Thermal Plant Project and Combined Cycle Plant	208.0	814.4
59	Uruguay: Dredging and Gas Pipeline Project in Punta Sayago	86.2	104.2
Capricorn Axis			
60	Argentina: Pavement of national highway RN81	90.2	126.2
61	Argentina: Access to the Jama Pass (Argentina-Chile)	54.0	54.0
62	Argentina: Studies for the Rehabilitation of the Jujuy-La Quiaca Railroad	1.0	1.0
63	Argentina: PFIR (national roadway infrastructure program). Reconditioning of provincial highway RP23 and rehabilitation of the Quebrada de Humahuaca Railroad	168.7	168.7
64	Argentina: Recovery and Improvement of the General Belgrano Railroad	326.0	408.0
65	Argentina: Second Phase of the Road Development Program: National Highway RN40	168.0	240.0
66	Argentina: Regional Road Development Program II, III and IV	410.0	585.0
67	Bolivia: Tarija-Bermejo Highway Program	74.8	200.0
68	Paraguay: Rehabilitation and Pavement of Integration Corridors, National Highway RN10, National Highway RN11 and Complementary Works	19.5	41.9
69	Paraguay: Integration Corridors and Road Reconstruction Program	222.1	285.0
70	Paraguay: Yacretá-Villa Hayes 500 Kw Second Line	50.0	297.2
71	Paraguay: Construction of access road to the second international bridge over the Paraná River (Presidente Franco - Foz de Iguazú)	212.0	212.0
Paraguay-Parana Waterway Axis		212.0	212.0
72	Studies for the Improvement of Navigation, Institutional Management and Operational Financial Scheme of the Waterway (Argentina, Bolivia, Brazil, Paraguay and Uruguay)	0.9	11
73	Argentina: Railroad Integration Program between Argentina and Paraguay	100.0	166.0
74	Paraguay: Program for the River Transportation of Iron Ore for the Productive and Trade Integration between Brazil and Argentina	33.0	63.3
75	Paraguay: Paved Road Network Commissioning Project	100.0	142.7
Southern Axis			
76	Argentina: Neuquén Territorial Road Connectivity Improvement Program (Paving of provincial highway RP65)	36.7	95.0
Mesoamerica			
77	Costa Rica: Investment Program for the Atlantic Corridor	60.0	80.2
78	Panama: Highway rehabilitation and improvement program	80.0	125.6
79	Panama: Bi-national bridge over the Sixaola River	5.5	13.4
80	Panama: Panama Canal Authority expansion program	300.0	5,250.0
81	Multinational: Central American Telecommunications Network	14.0	30.0
82	Multinational: Electricity interconnection system for Central American countries (Sistema de Interconexión Eléctrica para Países de América Central, SIEPAC)	16.7	405.0
Other projects		210.0	812.0
Total		11,875.6	34,497.3



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

2019

International relations
and alliances for the
region's development

IN 2019, CAF CONTINUED TO DEVELOP ITS INTEGRAL AGENDA OF FOREIGN RELATIONS AND SUPPORT OF ALLIANCES FOR DEVELOPMENT BASED ON THREE STRATEGIC AXES: TO BUILD UP THE PRESENCE OF THE BANK ON A GLOBAL SCALE; TO STIMULATE THE CREATION OF SPACES TO EXCHANGE AND GENERATE KNOWLEDGE ABOUT THE MAJOR WORLD TRENDS AND THEIR IMPACT ON THE REGION; AND TO BOLSTER EFFORTS TO RAISE FUNDING RESOURCES AND GENERATE TRADE AND INVESTMENT OPPORTUNITIES.

THE CONSTRUCTION OF ALLIANCES REPRESENTS ONE OF THE VITAL CHALLENGES FOR THE SUSTAINABLE DEVELOPMENT OF LATIN AMERICA AND THE CARIBBEAN. WITHIN THIS FRAMEWORK, CAF HAS ESTABLISHED ITSELF AS A MAJOR PARTNER FOR THE DEVELOPMENT OF THE REGION WITH A GLOBAL PROJECTION AND PRESENCE IN ALL PRIORITY AREAS.

CAF'S GLOBAL PRESENCE

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

Highlights in 2019 include CAF's support of APEC Chile 2019, aimed at boosting integration 4.0, one of the country's priorities. CAF was also present as a Permanent Observer at the United Nations General Assembly, a role in which the institution coordinates actions with other international agencies aimed at contributing to the achievement of the Sustainable Development

Goals within the framework of the 2030 Agenda. In addition, CAF maintained its active role in the Joint Summit Working Group, coordinated by the General Secretariat of the Organization of American States, which makes it possible to articulate work to fulfill the commitments made during the Summits of the Americas. In 2019, CAF signed Memoranda of Understanding with UNICEF and FIIC, the Latin-American Federation of Contractors' Associations, among others, to foster alliances for the development of shareholder countries.

CAF also participated in the XLIX regular session of the OAS General Assembly held in Medellín from June 26 to June 28, to support cooperation mechanisms for increased transparency in procurement operations.

In Europe, the Executive President made an official visit to Spain. In addition, the institution organized the fifth edition of "Dialogos del Agua" [Water Dialogues] in Madrid on October 2, a joint initiative



Dialogos del Agua [Water Dialogues], fifth edition held in Madrid, Spain, on October 2, 2019.

between CAF and the Spanish Ministries of Agriculture and Fisheries, Food and Environment, Economy, Industry and Competitiveness, and Foreign Affairs. The event has become a strategic platform for long-term collaboration for the sustainable management of water resources.

Likewise, CAF deepened links with the United Kingdom at the second Chatham House Latin America Conference, which was held on November 20 in London, bringing together government and private sector leaders with representatives of accredited diplomatic missions in the United Kingdom to discuss current political, economic and social dynamics in Latin America, and assess increased investment and sustainable growth in the region.

In the Asia-Pacific region, CAF continued to strengthen its relationship with China, Japan and the Republic of Korea.

Therefore, in 2019 CAF's Executive President made an official visit to Beijing, where he had work meetings with China's

Minister of Finance, Liu Kun, and the Vice Minister of Finance, Zou Jiayi. In addition, Luis Carranza was a speaker at The Second Belt and Road Forum for International Cooperation. CAF also participated in the Global Trade In Services Summit 2019, organized by China's Ministry of Trade in September, and in the Fifth China-Latin America and the Caribbean Think Tank Forum, held in Beijing on October 28.

In April, CAF's General Secretary made an official visit to the Republic of Korea, consolidating the significant progress achieved in regard to the institution's relationship with this Asian country. Also, a forum on Infrastructure Growth and Development was held in October, in partnership with Korea's Embassy in Caracas.

CAF CONFERENCE: GOVERNANCE, INTEGRITY AND TRANSPARENCY FOR DEVELOPMENT

On November 7, 2019, the "CAF Conference: Governance, integrity and transparency for development" was held in Quito, bringing together more than 25 speakers and 400 participants. The event was opened by Otto Sonnenholzner, the Vice-president of the Republic of Ecuador, and Luis Carranza, CAF's Executive President. This third CAF Conference held in the region opened debate about the challenges faced by Latin America in terms of integrity and transparency. The event coincided with the presentation of the 2019 economic and development report "Integrity in public policies. Keys to prevent corruption."

"For 50 years, CAF has accompanied the region in its efforts to reach prosperity and sustainable inclusive development for its people. Over these years, we have tackled the challenges to reduce poverty and inequality, increase the middle class, modernize infrastructure and strengthen public services, boost productivity, protect the environment, innovate, bring technology and connectivity to all territories, and improve education to create more and better opportunities for all."

LUIS CARRANZA



CAF Conference
"Governance,
integrity and
transparency for
development."
Quito, Ecuador,
November 7, 2019.

PARTNERSHIPS AND SPACES FOR THE EXCHANGE AND GENERATION OF KNOWLEDGE

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

23^a CAF CONFERENCE IN WASHINGTON, D.C.

Trade relations in the Americas, the latest electoral processes in the region, relations with China, the situation in Venezuela and misinformation on social and mass media were some of the topics discussed during the 23rd CAF Conference in Washington, D.C., held on September 4 and 5, 2019, at the Willard. This event, considered to be one of the most important in the Americas, was organized jointly with the Inter-American Dialogue and the Organization of American States. It brought together more than 700 leaders who analyzed the state of the region over the course of two days.

CAF CONFERENCE IN EUROPE 2019

The 2019 CAF Conference "Europe - Latin America Relations: sustainable development and digital inclusion" took place in Madrid, Spain, on June 13, 2019. This edition, organized with the Spanish Confederation of Business Organizations (CEOE), brought together opinion leaders from different sectors to approach the main common investment, trade and sustainable development challenges faced by Latin America and Europe.



23rd CAF Conference, Washington, D.C., USA, September 4 and 5, 2019.



CAF Conference in Europe, Madrid, Spain, June 13, 2019.

In March, 2019, CAF began the activities to celebrate the institution's 50th anniversary across the 19 shareholder countries. The activities, which will continue until July 2020, will include publications and seminars about the development challenges faced by our region, along with solidary activities led by our employees in our 13 offices. In addition, CAF and the central banks of its shareholder countries launched the first edition of "Ideas for the Future," a university essay contest, which brought together more than 2,500 young men and women from 656 universities in the region and granted awards to 20 students from 18 countries.

CAF SEMINARS ABOUT DEVELOPMENT CHALLENGES:

In 2019, CAF conducted a series of seminars that brought together renowned speakers to discuss the region's development challenges. Topics of vital importance for our shareholder countries were addressed, including digital government, productivity and innovation, resilience to climate change, the blue economy, productive SMEs, macroeconomic sustainability for development, among many others.

- CAF Seminar "The future of governments in the digital era: digital transformation and public innovation to provide a citizen service." Mexico City, March 11, 2019.
- CAF Seminar "Development challenges and opportunities in Paraguay," Asuncion, June 4, 2019.
- CAF Seminar "Innovation as a productivity and growth driver." Montevideo, July 23, 2019.
- CAF Seminar "Productive SMEs: growth and funding for development." 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 "Digital government and infrastructure for regional integration." Panama City, December 2, 2019.



Colm Imbert, Trinidad and Tobago's minister of finance during the opening remarks at CAF Seminar "Envisioning Long-Term Sustainability in Trinidad and Tobago." Port of Spain, Trinidad and Tobago, November 25, 2019.



Claudia Sheinbaum, Head of Government of Mexico City, during the opening remarks at CAF Seminar "The future of governments in the digital era." Mexico City, Mexico, March 11, 2019.

RAISING FUNDING RESOURCES AND GENERATING TRADE AND INVESTMENT OPPORTUNITIES

Indispensable political, diplomatic and institutional support conferred through official visits, business events and investor forums, among other activities complemented the institution's successful financial strategy, opening doors and leading to potential new partnerships that can assure an integral approach toward shareholder countries and allied regions.

In 2019, CAF participated again in the Euromoney Global Borrowers & Investors Forum to present its financial strategy to the main actors in capital markets. More than 1,000 delegates from governmental and banking institutions attended the event held in London on June 18 and 19, to examine prospects for international markets. In addition, CAF held its "2019 Dealer's Reception" event in Sydney together with

KangaNews, bringing together investors and analysts from the main Australian investment banks.

Jointly with the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the People's Republic of China's Ministry of Finance, CAF organized the Second High-Level China-Latin America Investment and Cooperation Forum.

With the participation of Yu Weiping, China's Vice Minister of Finance, and other high-level Chinese government authorities, opportunities for investment and new areas for cooperation were identified. The event also brought together representatives of international and regional agencies, development banks, and the public and private sector, along with experts, scholars, and diplomats.

CONTEST FOR UNIVERSITY ESSAYS CALLED "IDEAS FOR THE FUTURE"

Regional winners:

- Antonio Rojas – Universidad Nacional Autónoma de México.
Essay: How to make public investment in Latin America more efficient? The importance of public investment national systems.
- Yancy Villarroel – Pontificia Universidad Católica de Chile.
Essay: Challenges and expectations for 2030: regional integration in Latin America for all.
- Paula Luvini – University of Buenos Aires.
Essay: The efficiency of the financial sector and its correct design for the future.

+2,500

participants from 656
universities in 18 countries

20

finalists

3

winners

CAF Dealer's Reception. Sydney, Australia, May 7, 2019.



CAF's Executive President, Luis Carranza, with China's Minister of Finance, Liu Kun, Beijing, April 25, 2019.



Second High-Level China-Latin America Investment and Cooperation Forum. Santiago de Chile, October 16, 2019.



University essay contest "Ideas for the future." Award ceremony. Quito, Ecuador, November 7, 2019.

2019

Knowledge
management

KNOWLEDGE MANAGEMENT—ONE OF CAF'S KEY ACTIVITIES—COMPLEMENTS THE INSTITUTION'S FINANCIAL SERVICES. THE OBJECTIVE IS TO OFFER COUNTRIES INPUTS THEY CAN USE TO FOSTER REFORMS THAT DRIVE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH. AS PART OF THIS ACTIVITY, CAF SEEKS TO ESTABLISH AN OPEN DIALOGUE ABOUT DIFFERENT POLICY ALTERNATIVES THAT ENRICH THE PUBLIC DEBATE (ACCORDING TO THE ACCUMULATED EVIDENCE) AND GENERATE THE NECESSARY CONSENSUS SO GOVERNMENTS AND SOCIETY CAN PUT THEM INTO PRACTICE.

WITHIN THIS STRATEGY, IT IS IMPORTANT TO HIGHLIGHT THAT KNOWLEDGE MANAGEMENT SHOULD ALSO FOSTER A PROCESS OF INSTITUTIONAL LEARNING BASED ON EX-POST MONITORING AND ASSESSMENT OF THE PROJECTS AND OPERATIONS FINANCED BY CAF. IN THIS CONTEXT, KNOWLEDGE SERVICES ALSO HELP TO DESIGN, IMPLEMENT AND ASSESS PUBLIC POLICIES. CAF PUBLICATIONS SUPPORT THE IMPLEMENTATION OF THE AGENDA FOR STRATEGIC SECTORS DRIVEN BY THE INSTITUTION.



RED 2019: Integrity in public policies. Keys to prevent corruption.

For a long time, corruption has been one of the biggest concerns of the Latin American people. In addition to compromising the productivity and growth of local economies, it also diminishes the state's ability to provide public goods and services, even weakening confidence in formal government institutions. A series of cases discovered in recent years has led to a resurgence of the issue, and the fight against corruption is currently a central point of public debate in Latin America. With this report, CAF seeks to contribute to the reform agenda underway to promote integrity in public policies. The study covers a wide spectrum of fields of action, including the operation and dissuasive capacity of the instances of state control and supervision; the role of mechanisms of entry to the bureaucracy and politics to select independent and honest civil servants; citizen control and transparency initiatives; and strengthening legal processes and frameworks to limit the influence of private interests in public policy decisions.



IDEAL: Infrastructure in Latin America's Development. *Main document.*

This latest edition of the IDEAL report (2017-2018) reviews some of the concepts that mark the new trends in the analysis of the infrastructure sector. The first chapter delves into the recent developments and the current situation of infrastructure in Latin America for five key sectors: transport, electricity, gas transportation, telecommunications and integral water management. The second chapter examines the new global and regional context, and the development prospects for the countries of the region. Finally, Chapter 3 proposes a strategic agenda for infrastructure, based on the trends identified in the previous chapters aligned with the needs in the new context. This new edition includes a main document and an executive summary.



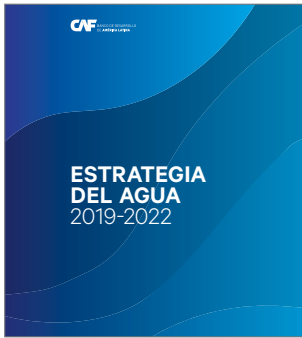
IDEAL: Infrastructure in Latin America's Development. *Executive Summary.*

The changes that are taking place in the context in which infrastructure unfolds—the economy, geopolitics, technology or environmental challenges—suggest the need to review initiatives. This edition of IDEAL, like previous editions and the strategic agenda drafted in 2011, analyzes the current situation and recent trends in infrastructure in the region. This executive summary outlines the different lines of research developed in the main document of the IDEAL 2017-2018.



Sustainability Report 2017-2018

The latest edition of the Sustainability Report presents the activities implemented in each of these five key areas: efficiency, equity, sustainability, institutional and integration. It also outlines the concrete progress achieved in 2017-2018, with an emphasis on contributions to the fulfillment of national, regional, and global economic, social, and environmental objectives. During this period, CAF structured its activities based on the identification of existing interactions or "transmission belts" between economic, social and political aspects that leverage development in order to enhance the impact and sustainability of the activities executed by the institution through the mobilization of financial resources for development, as well as the practical application of useful knowledge to strengthen the skills of public policy makers. In its almost 50 years of activity, CAF has become well aware of the potential and strengths of Latin American countries, in a process of permanent transformation that tunes local problems with global actions based on sustainable development.



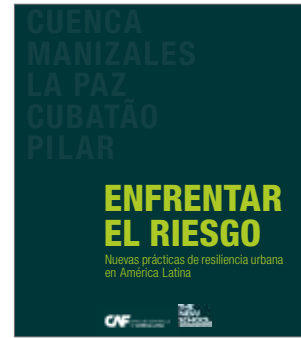
Water Strategy
2019-2022

The strategic objectives set out in this document are interrelated and guide CAF's growing support of resilient water infrastructure. It reflects CAF's unwavering commitment to countries in the region as they improve their institutionality and capacity for planning, execution and management of water, sanitation and irrigation services, while being better prepared to face and reduce the increasing risks of droughts and floods, under the framework of integrated water resources management. CAF Water Strategy 2019-2022 is not static. On the contrary, it should be understood as a dynamic proposal that will be nurtured from the dialogue with the different regional actors, as well as from the reflections that result from the international sectoral debate, an area in which CAF is increasingly present.



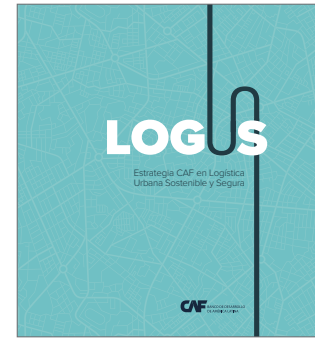
Electromobility in public
transport in Latin America

The development of this study is part of the "Clean Transportation" line of work within CAF's Urban Mobility strategy. The strategy responds to the institution's goal to facilitate and encourage the use of low or zero-emission public transportation and complement its support of efforts being made by several cities in the region to initiate this process. Based on this research, the aim is to seek financing alternatives and regulations to favor the substitution of conventional bus fleets powered by fossil fuels with electric or hybrid vehicles in urban public transport systems in Latin America. To this end, the current policy framework is first analyzed, crossed with incentives or favorable regulations to facilitate a process of substitution of bus fleets at the national or local levels. The study presents a detailed review of the implementation process and the results obtained so far in the cities of Bogota, Quito, Montevideo, and Santiago.



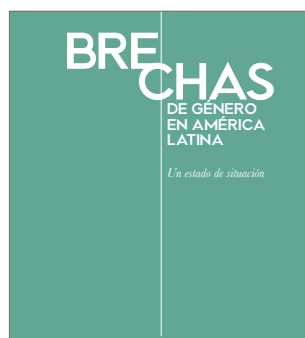
Facing the risk. New
urban resilience practices
in Latin America.

Exposure to disasters in Latin America has grown considerably in recent decades. The increase in the intensity and frequency of extreme natural events—largely driven by the effects of climate change and the impact of human activity on environmental dynamics—is aggravating existing vulnerability conditions, especially in socially excluded population segments. In this context, CAF, through the Cities with a Future initiative and the Observatory on Latin America (OLA) of The New School, joined efforts to disseminate knowledge of resilient practices in the region and offer urban management alternatives that strengthen the response capacity of Latin American cities in the face of events threatening local sustainability. This publication offers a contextual analysis of six urban management experiences that have integrated disaster management policies to reduce vulnerability conditions and contribute to the sustainable and resilient development of the territories. The cases describe different problems and institutional approaches to manage resilience, as well as lessons derived from their implementation and recommendations to optimize their impact.



LOGUS: CAF Strategy
in Sustainable and Safe
Urban Logistics

Latin America and the Caribbean is a highly urbanized region, with an average of 80% of the population living in cities and even higher in some countries. There is a high concentration of industrial manufactures and ports located in urban areas, with the vast majority of imports and exports of all kinds moving through cities and their surrounding areas. Despite its importance, the mobility of goods in urban areas has received less attention than the mobility of people by the academic and public management sectors. This is not an anomaly of the region. Similar situations occur in most cities in the world. Given this reality, CAF presents LOGUS, a publication with a summary of the urban logistics and freight transport landscape in the region. It compares, in a comprehensive way, the current state of logistics systems with practices in other parts of the world. In addition, the content of this study is accompanied by a "Guide to Good Practices," a document for the dissemination of specialized technical knowledge based on several exemplary urban logistics projects.



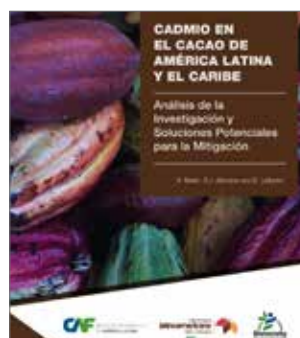
Gender gaps in Latin America. A status report.

In job markets in Latin America, women participate less than men, they are more likely to be employed informally, part-time, with lower productivity and lower pay. They are also underrepresented in managerial and executive positions. These gender gaps persist despite progress achieved over the past 50 years. Currently these gaps are greater in the region than in the developed world, and mainly arise from distortions that limit or bias decisions regarding human capital training, family and employment throughout people's lives. Therefore, reducing these gaps requires specific public policies to attack the barriers that limit the insertion and progress of women in the working world. Achieving greater gender equality in Latin America is necessary for reasons of equity, but it is also necessary for reasons of efficiency. In this publication, the reasons for choosing the three areas covered by the study are briefly discussed. In addition, the report summarizes the main messages of the gender assessment and highlights the challenges that arise in defining a policy agenda.



Design and cost of a package of early childhood care services. The case of Colombia

There is a broad consensus regarding the importance of investing in human capital during early childhood as an essential engine of economic growth, development and equity in countries. Evidence suggests that the early years of life are important because the brain is particularly malleable, and therefore there is great potential to improve individuals' developmental paths through well-designed early interventions. This evidence has fueled the increase in investment in early childhood programs in developed and developing countries. The objective of this publication is to define an evidence-based comprehensive package of early childhood care services and the respective costing. This package can be used as the basis for the programmatic design of a national strategy for early childhood care in different countries. In addition to suggesting care actions that have been shown to have considerable impacts in a small-scale version, other essential aspects to ensure their quality and sustainability on a larger scale have been included.



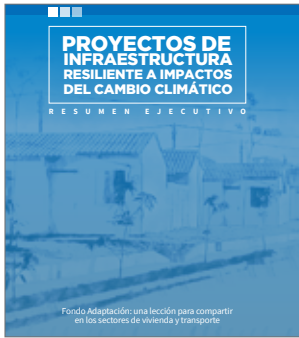
Cadmium in Cacao from Latin America and The Caribbean. A Review of Research and Potential Mitigation Solutions

Cadmium is a naturally occurring heavy metal that has no known function in humans and is present worldwide in many cacao and chocolate products. It accumulates in the body and mainly affects the kidneys, but it can also cause bone demineralization. Since 2014, research efforts have been made to address the problem of cadmium accumulation in cacao, with the aim of finding solutions. In 2019, about 28 projects were underway in Latin America, specifically in Colombia, Ecuador, Peru, and Trinidad and Tobago, covering most solutions in the short, mid and long term. Several of these projects evaluate amendments to modify soil properties, identify genotypes of low accumulation and bioremediation using microorganisms. The objective of this publication, which is also available in English, is to present an analysis of the research in the region and the potential solutions for mitigation.



Social enterprise model within penitentiary centers: productivity and well-being

Incarceration as a strategy for citizen rehabilitation has been ineffective, and in recent decades there has been a growth in the prison population in almost every country in the region. This situation has aggravated living conditions in correctional institutions, where overcrowding is rampant. Many penitentiary systems are out of control, and in several instances mismanaged, so that there is a risk that prisons may become dangerous places for inmates and prison staff, as well as potential crime schools. The model explored in this document proposes an innovative and pragmatic strategy that focuses on the creation and development of a social enterprise within penitentiary centers that belongs to the prison population. The business model is based on the generation of a balance between productivity and well-being, within the framework of collaboration and co-creation among prisoners, which distances itself from the traditional assembly production system (maquila), present in many other penitentiary centers in Latin America.



Infrastructure projects resilient to climate change. *Executive Summary*

Climate Change Adaptation (CCA) and Disaster-Risk Management (DRM) are relatively recent additions to the global development agenda. In this sense, several forays have been made in these study sectors in Latin America. This document synthesizes the results of a research project that was carried out in Colombia with a knowledge management approach about the best strategies for resilient infrastructure so that other national institutions and those in other Latin-American countries can apply these lessons learned. This executive summary presents the results of in-depth interviews with Adaptation Fund officials and relevant actors from three emblematic projects in the transportation and housing sectors: the Yati-Bodega road interconnection (Bolívar), housing in La Guajira and San Benito Abad (Sucre), as well as focus groups with the communities involved.



The poverty elimination traffic light

The poverty elimination indicator or “traffic light” is an instrument that allows families to measure their level of poverty and identify personalized strategies to address their specific necessities. It is an educational tool that responds to CAF’s need to measure poverty differently, enabling vulnerable groups to measure their own situation and empowering them to assume the responsibility for their own development and improvement. With this study, the aim is to share with Fundación Paraguaya the knowledge captured during the construction and implementation of the initiative. Using a narrative structure, this study presents specific results from the application of the “traffic light.”



Successful teacher professional development policies in Latin America and the Caribbean (2006-2016)

In recent years, Latin America has consolidated significant advances in education; however empirical evidence shows that efforts to increase school enrollment rates must be complemented by policies that contribute to quality learning. This publication identifies and makes visible successful experiences in improving the quality of teachers in service, providing valuable inputs in favor of the definition of policies that benefit the quality of teaching. The cases identified and systematized in this research show the importance of accompanying teachers in the classroom, the opportunity to incorporate new learning technologies in teaching, and the positive correlation between family involvement in the education of their children and better teacher performance.



Blue Biocommerce: Leveraging Trade to Support Green Sustainability and Economic Equity

This publication, also available in English, describes how the application of the Blue BioTrade concept can help develop sustainable and equitable economic sectors, as well as high value-added chains that depend on marine and coastal resources. This represents the first exchange in an ongoing dialogue on Blue BioTrade between UNCTAD, CAF and their regional and national partners around the world. Using the principles of this trading system can improve both the economic value of natural capital, which supports food production, tourism and a variety of other economic activities, and the non-economic benefits of ecosystem services, including water quality maintenance, carbon sequestration, coastal stabilization and disaster mitigation, scenic beauty and the cultural value of traditional livelihoods.

2019

Management's
review of
CAF's financial
evolution





Management's discussion and analysis of financial condition

In 2019, CAF reaffirmed its position as one of the most important sources of multilateral financing in Latin America and the Caribbean, as shown by levels of approvals (USD 13.0 billion) and disbursements (USD 10.0 billion), mainly directed toward medium and long-term project financing.

During 2019, credit rating agencies continued to acknowledge CAF's creditworthiness and its role as one of the main multilateral institutions in the region. In this regard, Moody's, Fitch Ratings and Japan Credit Ratings affirmed CAF's long term and short term credit ratings (Aa3/AA-/AA), while Standard and Poor's downgraded CAF's ratings to A+, following its view that the worsening of macroeconomic conditions of some CAF's shareholders could eventually reflect in a future nonpayment to CAF. Moody's and JCR kept CAF's ratings in outlook stable, while S&P and Fitch revised CAF's outlook to negative.

TABLE 1.
Credit Ratings



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

As of December 31, 2019

¹ In January 2020, Fitch Ratings downgraded CAF's ratings to A+ and maintained the rating outlook Negative.

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

As further evidence of the support from the shareholder countries, in November 2015 the Board of Directors approved a general paid-in capital increase of USD 4.5 billion. As of 2019, the majority of shareholder countries subscribed agreements for around USD 4.3 billion. In addition, during 2019 Costa Rica subscribed and paid USD 110 million as part of the process to become a full member of CAF. It is also important to highlight that, during the Board of Directors' meeting that took place in December 2019, Mexico's representatives announced the country's decision of incorporating as a full member shareholder of CAF. In 2019, shareholders continued to make substantial paid-in capital contributions, for a total of USD 608 million.

Operating income in 2019 was USD 460 million, 48% higher than 2018 and also the highest level over the last decade, fostered by the 23% increase in interest income during the year. During 2019, net interest income increased by 38%, mainly as a result of higher liquid assets and loans average balances, coupled with an increase in assets profitability, measured by the spread over average LIBOR. This rate decreased slightly during 2019, reaching 2.32% on average, from 2.49% in 2018. During 2019, the main profitability indicator—Return on Equity (ROE)—was 3.75%.

In 2019, CAF completed 15 bond issuances for an approximate amount of USD 3.4 billion in the international capital markets, including three Global benchmarks, two in Euros for EUR 750 million each and the other one in US dollars for USD 1.25 billion. In the case of the issuance in US dollars, CAF reached one of its largest order books in its history, which reflects the institution's ample access to international financial markets. In November 2019, CAF completed its first public Green Bonds issuance, EUR 750 million bonds due 2026. This transaction added to the USD 132 million private placements of green bonds completed during 2018. In addition, in 2019, CAF continued diversifying its bonds placements, completing bond issuances in seven different currencies.

CAF COMPLETED 15 BOND ISSUANCES FOR AN APPROXIMATE AMOUNT OF USD 3.4 BILLION IN THE INTERNATIONAL CAPITAL MARKETS.

Regarding short-term borrowings, time deposits reached a year-end balance of USD 2,7 billion. Commercial papers in the United States and European markets were another important source of funds, with a closing balance of around USD 908 million. In 2019, CAF's liabilities maturity profile and liquidity ratios continued improving, focusing on a higher concentration in long-term funding. CAF's liquidity metrics are seen as positive and supportive of CAF's credit ratings by rating agencies that evaluate the institution.

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

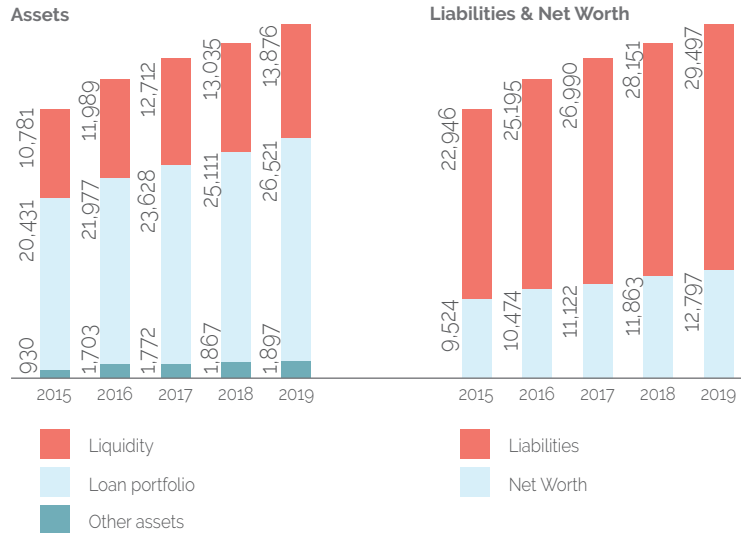
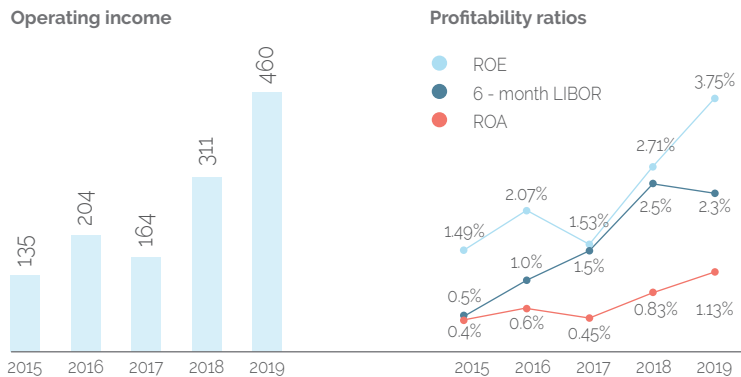


FIGURE 2.
Operating Income
As of December 31 of
each year
(in millions of USD)



SUMMARY OF FINANCIAL STATEMENTS

During 2019, CAF's total assets reached USD 42.3 billion, representing a 5.7% increase compared to the previous year (Figure 1). This increase was not only due to the growth of the loan portfolio but also to an increase in liquidity. The loan portfolio closed at USD 26.5 billion, 5.6% higher than the previous year, and liquidity reached USD 13.9 billion, 6.4% higher than the prior year, and equivalent to 32.8% of the total assets and 47% of total financial liabilities.

During 2019, CAF's capitalization ratios continued strengthening, driven by the institution's profitable and prudent growth. At year-end 2019, CAF's total net worth was USD 12.8 billion with paid-in capital of USD 5.4 billion, additional paid-in capital of USD 3.9 billion and USD 3.4 billion in reserves and retained earnings. At the end of 2019, net worth represented 30.3% of total assets.

Net interest income in 2019 increased by 37.9% as a result of an increase in the volume of liquid assets and loan portfolio, coupled with a higher profitability of the liquidity. Together, these factors compensated the decrease of average LIBOR rate during the year.

Operating income was USD 460 million in 2019, while the Return on Equity (ROE) and the Return on Assets (ROA) closed at 3.75% and 1.13%, respectively. These metrics reached their highest levels in the last five years, reflecting the significant increase in CAF's profitability in 2019 (Figure 2).

LOAN PORTFOLIO

CAF's loan portfolio continues reflecting a sustained growth, coupled with solid asset quality indicators. At year-end 2019, the loan portfolio reached USD 26.5 billion, which represents an increase of 5.6% compared to the USD 25.1 billion of the previous year.

The loan portfolio distribution continued to be largely concentrated in public sector projects, representing 85.2% of the total portfolio as of December 31, 2019. Regarding the distribution of the loan portfolio by country, Ecuador and Argentina had the largest exposures with 14.1% each of the total loan portfolio, followed by Venezuela with 13.8%, Colombia with 10.8%, Bolivia with 10.2%, Brazil with 8.4%, Panama with 7.7%, Peru with 7.5%, Uruguay with 3.6%, Trinidad and Tobago with 3.0% Mexico and Panama, both with 1.9%, Chile with 1.8% and the balance comprised by Dominican Republic, Costa Rica and Barbados. The increasing participation of the new full-member shareholders contributes to the diversification of the loan portfolio. In this sense, the new full-members accounted for 38.7% of the loan portfolio at year-end 2019.

OPERATING INCOME WAS USD 460 MILLION IN 2019 WITH AN ROE OF 3.75% AND AN ROA OF 1.13%. THE THREE INDICATORS REACHED THEIR HIGHEST LEVEL IN THE PAST FIVE YEARS.

The leading development projects by sectors financed by CAF in 2019 were transportation infrastructure, which represented 29.2% of the loan portfolio, public administration with 20.3%, energy projects with 18.5%, financial sector with 14.7% and water and sanitation with 7.9%.

At year-end 2019, the non-accrual ratio was 0.26% of the total loan portfolio and provisions for loan losses reached USD 91.6 million or 0.35% of the loan portfolio. In 2019, written-off loans accounted for USD 38 million (Table 2).

TABLE 2.
Asset quality
(in millions of USD)



	2015	2016	2017	2018	2019
Overdues	0.0	7.5	94.7	124.3	129.1
Loans in non-accrual status	0.0	120.8	138.7	112.7	69.8
Allowance for loan losses	58.9	63.7	67.2	64.8	91.6
Overdue as a percentage of loan portfolio	0.0%	0.0%	0.4%	0.5%	0.5%
Non-accrual loans as a percentage of loan portfolio	0.00%	0.55%	0.59%	0.45%	0.26%
Allowance as a percentage of loan portfolio	0.29%	0.29%	0.28%	0.26%	0.35%

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, 2019, liquid assets totaled USD 13.9 billion, equivalent to 32.8% of total assets. The investment portfolio was characterized by its short duration, which averaged 0.37 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 2019, total financial liabilities were USD 28.1 billion, while total liabilities reached USD 29.5 billion.

During 2019, CAF was very active in the international bond markets. The institution completed 15 bond issuances for an approximate amount of USD 3.4 billion. Additionally, CAF continued diversifying its geographic distribution, issuing in seven different currencies around the world.

During 2019, CAF issued three global benchmark transactions, one US dollar benchmark for 1.25 billion and two Euro benchmarks, for EUR 750 million each one. These issuances were very successful in terms of competitive funding costs and diversification of CAF's investor base. In the case of the bond issuance in the U.S. market, CAF reached one of its largest order's book in history.

In addition, under CAF's Green Bonds program, specifically aimed at financing projects that incorporate a positive environmental impact, during 2019 CAF completed its first public green bond issuance, a EUR 750 million bond issuance due 2026. In addition, during the third quarter 2019, CAF issued its first "Educational Bond", a USD 140 million thematic bond issuance that was purchased by investors with a mandate of investing in social-driven securities.

During 2019, CAF completed four 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 participating in the exclusive Uridashi market (Japanese retail market) with an AUD 11.7 million issuance due in 5 years. Also, there were private placements in Mexican pesos, Colombian pesos and Uruguayan pesos, reaching a total of 17 different currencies in its bond portfolio.

UNDER CAF'S "GREEN BOND" PROGRAM, AIMED AT FINANCING PROJECTS WITH A POSITIVE ENVIRONMENTAL IMPACT, IN 2019 THE INSTITUTION ISSUED ITS FIRST PUBLIC GREEN BOND FOR EUR 750-MILLION.

Regarding short-term borrowings, CAF has maintained its presence in the commercial paper markets in the United States and Europe. Borrowing spreads remained competitive in 2019.

Time deposits also represented an important source of short-term funding, reaching USD 2.67 billion at year-end 2019. These instruments have maintained their importance as a competitive and stable source of funding.

The change in the liabilities structure towards a higher concentration of long-term financing, has been increasing through the years and consolidated in 2019. This fact has improved the maturity profile of CAF's liabilities, as well as its liquidity ratios.

Regarding medium and long-term loans from development financial institutions, international agencies and multilateral banks, during 2019 CAF initiated negotiations with KfW, JBIC, ICO, AFD, K-EXIM y Cassa Depositi e Prestiti (CdP) reaching new credit lines for a total of USD 466 million, a 173% increase over 2018, and at competitive rates. Also, CAF worked on contracting local currency loans with financial intermediaries in Peru, Colombia, Mexico and Brazil. In 2019, CAF contracted USD 200 million in new credit lines in local currency, which was 100% higher than 2018. Under the current credit lines, there were disbursements for USD 277.4 million, which represent a 62% increase over 2018. Additionally, CAF continues to focus on developing opportunities for new credit lines and sources of technical cooperation funds (LAIF-UE, FASEP, OFID, among others) as well as portfolio sales.

In 2019, co-financing deals totaling USD 324 million were achieved for public and private sector projects in infrastructure, water and sanitation, electricity, education, roads financial sector, that incorporates new partners, such as JICA, as well as traditional ones such as BCIE, FONPLATA and BEI. In addition, CAF continues working on co-finance new operations with AFD, KfW, OFID, New Development Bank and China Development Bank, among others. During the same year, three A/B loans were approved, totaling USD 200 million, aimed to support financial institutions in the region.

As of December 31, 2019, 85,6% of CAF's total indebtedness stemmed from international capital markets. The main source of funding was bond issuances, representing 82,3% of financial liabilities (Figure 3) and commercial papers with 3,3%. Additionally, deposits received accounted for 9,5% and other medium- and long- term loans and credit lines with 4,9%.

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

TABLE 3.
2019 Bond Issues in the
International Markets
(in millions of USD)

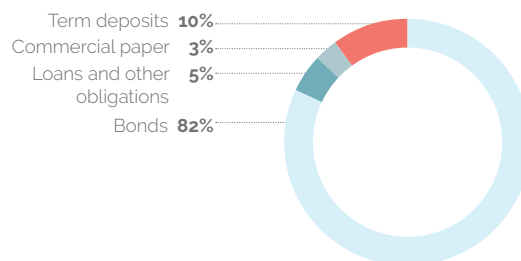


Date	Market	Amount in original currency of issuance (in millions)	Equivalent in USD million
Bond Issuance			
January	Europe	EUR 750	854
February	USA	USD 1,250	1,250
November	Europe	EUR 750	825
	Private placements		441
	Total 2019		3,370

Short-Term Issuance Programs

Commercial paper (USA)	USD 2,000	2,000
Commercial paper (Europe)	USD 3,000	3,000

Figure 3.
Financial Liabilities
as of December 31, 2019



TIME DEPOSITS CONTINUED TO REPRESENT AN IMPORTANT SOURCE OF SHORT-TERM FUNDING, REACHING USD 2.7 BILLION BY YEAR-END 2019, MAINTAINING THEIR IMPORTANCE AS A COMPETITIVE SOURCE OF FUNDING.

CAPITAL

During 2019, CAF received USD 608 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, with capital contributions beginning in 2017.

At year-end 2019, net worth reached USD 12.8 billion, 7.9% higher than the amount recorded in 2018, strengthened by equity contributions made by shareholder countries and retained earnings.

Favored by the increase in shareholders' equity, CAF's capitalization ratios continued strengthening during 2019, and remained above the levels established by the institution's internal policies (Table 4).

TABLE 4.
Capitalization Ratios

	2015	2016	2017	2018	2019
Gearing (times) ¹	2.2	2.1	2.2	2.2	2.1
Leverage (times) ²	2.3	2.3	2.3	2.3	2.2
Equity/Total Assets	29.3%	29.4%	29.2%	29.6%	30.3%

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

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

ASSET LIABILITY MANAGEMENT

In order to mitigate foreign exchange risk as well as interest rates risk, CAF's lending and borrowing activities are primarily conducted in floating rates and U.S. Dollars. As of December 31, 2019, 99.8% of assets, and 99.3% of liabilities were denominated in U.S. Dollars after swaps, while 99.4% of the loans and 99.1% of the financial liabilities were based on LIBOR after swaps. Transactions that are not denominated in U.S. Dollars or based on LIBOR are converted through swaps to those terms. The swaps book reached USD 23.8 billion at year-end 2019. 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 counterparties, 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.

CAF seeks to maintain a conservative relationship between the average term of its assets and liabilities. As of December 31, 2019, the average life of its assets was 3.5 years and that of its liabilities 4.3 years.

AT YEAR-END 2019, NET WORTH REACHED USD 12.8 BILLION, 7.9% HIGHER THAN THE AMOUNT RECORDED IN 2018, STRENGTHENED BY EQUITY CONTRIBUTIONS MADE BY SHAREHOLDER COUNTRIES AND RETAINED EARNINGS.

2019

Financial
Statements

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

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

The Management of CAF is responsible for designing, implementing and maintaining effective internal control over financial reporting. Management has assessed the effectiveness of CAF's internal control over financial reporting as of December 31, 2019, 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, 2019.

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, 2019, 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, 2019.



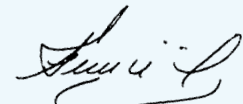
Luis Carranza Ugarte
Executive President



Renny Alberto López
Vice-President of Risk



Elvira Lupo de Velarde
Vice-President of Administration



Franca Capobianco
Acting Accounting Director

February 3, 2020

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, 2019, 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, 2019, 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, 2019 and 2018, and our report dated February 3, 2020 expressed an unmodified opinion on those financial statements.

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

February 3, 2020
Caracas - Venezuela

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

www.deloitte.com/ve

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

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019, 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, 2020 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, 2020
Caracas - Venezuela

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

www.deloitte.com/ve

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

Corporación Andina de Fomento (CAF)

Balance Sheets

As of December 31, 2019 and 2018
(In thousands of U.S. dollars)

	NOTES	2019	2018
ASSETS			
Cash and due from banks		103,593	127,355
Deposits with banks		2,417,476	2,594,312
Cash and due from banks and deposits with banks	3	<u>2,521,069</u>	<u>2,721,667</u>
Marketable securities:			
Trading	4 and 19	10,357,805	9,654,956
Other investments	5	996,917	658,750
Loans (US\$ 139,768 and US\$ 74,402 at fair value as of December 31, 2019 and 2018 respectively)	6 and 19	26,520,618	25,111,387
Less loan commissions, net of origination costs		110,706	102,823
Less allowance for loan losses	6	91,642	64,848
Loans, net		<u>26,318,270</u>	<u>24,943,716</u>
Accrued interest and commissions receivable		531,793	523,098
Equity investments	7	463,825	459,667
Derivative financial instruments	18 and 19	426,260	184,805
Property and equipment, net	8	112,318	106,046
Other assets	9	<u>565,377</u>	<u>761,542</u>
TOTAL		<u>42,293,634</u>	<u>40,014,247</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposits (US\$ 60,594 and US\$ 0 at fair value as of December 31, 2019 and 2018 respectively), net	10 and 19	2,672,925	3,210,545
Commercial paper	11	908,133	641,295
Borrowings from other financial institutions (US\$ 403,912 and US\$ 470,220 at fair value as of December 31, 2019 and 2018 respectively), net	12 and 19	1,390,218	1,284,269
Bonds (US\$ 22,998,554 and US\$ 21,461,610 at fair value as of December 31, 2019 and 2018 respectively), net	13 and 19	23,161,362	21,620,093
Accrued interest payable		403,560	394,233
Derivative financial instruments	18 and 19	642,725	876,784
Accrued expenses and other liabilities	14	<u>317,983</u>	<u>123,628</u>
Total liabilities		<u>29,496,906</u>	<u>28,150,847</u>
STOCKHOLDERS' EQUITY:	16		
Subscribed capital		8,095,260	7,989,620
Less callable capital portion		1,589,660	1,589,660
Less capital subscriptions receivable		<u>1,124,885</u>	<u>1,233,240</u>
Paid-in capital		<u>5,380,715</u>	<u>5,166,720</u>
Additional paid-in capital		3,988,884	3,595,133
Reserves		3,101,547	2,877,970
Retained earnings		<u>325,582</u>	<u>223,577</u>
Total stockholders' equity		<u>12,796,728</u>	<u>11,863,400</u>
TOTAL		<u>42,293,634</u>	<u>40,014,247</u>

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 Comprehensive Income

For the years ended December 31, 2019 and 2018
(In thousands of U.S. dollars)

	NOTES	2019	2018
Interest income:			
Loans	2 (f)	1,157,279	1,028,928
Investments and deposits with banks	2 (e), 3 and 4	413,260	239,909
Loan commissions	2 (f)	41,252	41,337
Total interest income		<u>1,611,791</u>	<u>1,310,174</u>
Interest expense:			
Bonds		825,821	715,186
Deposits		49,547	47,538
Commercial paper		21,207	15,535
Borrowings from other financial institutions		44,734	43,302
Commissions		9,768	9,594
Total interest expense		<u>951,077</u>	<u>831,155</u>
Net interest income		660,714	479,019
Provision for loan losses	6	52,395	13,192
Net interest income, after provision for loan losses		<u>608,319</u>	<u>465,827</u>
Non-interest income:			
Other commissions		2,823	2,581
Dividends and equity in earnings of investees	7	1,624	8,922
Unrealized changes in fair value related to equity investment, net	7	8,000	13,691
Other income		2,045	4,698
Total non-interest income		<u>14,492</u>	<u>29,892</u>
Non-interest expenses:			
Administrative expenses	22	154,807	158,288
Other expenses		7,923	26,528
Total non-interest expenses		<u>162,730</u>	<u>184,816</u>
Income before unrealized changes in fair value related to other financial instruments and contributions to Stockholders' Special Funds		460,081	310,903
Unrealized changes in fair value related to other financial instruments	20	(5,273)	504
Income before contributions to Stockholders' Special Funds, net		454,808	311,407
Contributions to Stockholders' Special Funds	23	129,226	87,830
Net income and total comprehensive income		<u><u>325,582</u></u>	<u><u>223,577</u></u>

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, 2019 and 2018
(In thousands of U.S. dollars)

	Notes	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, 2017		4,984,295	3,259,471	2,316,071	485,500	2,801,571	76,399	11,121,736
Capital increase	16	182,425	335,662	-	-	-	-	518,087
Net income and total comprehensive income	16	-	-	-	-	-	223,577	223,577
Appropriated for general reserve	16	-	-	68,699	-	68,699	(68,699)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	7,700	7,700	(7,700)	-
BALANCES AT DECEMBER 31, 2018		5,166,720	3,595,133	2,384,770	493,200	2,877,970	223,577	11,863,400
Capital increase	16	213,995	393,751	-	-	-	-	607,746
Net income and total comprehensive income	16	-	-	-	-	-	325,582	325,582
Appropriated for general reserve	16	-	-	201,177	-	201,177	(201,177)	-
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	22,400	22,400	(22,400)	-
BALANCES AT DECEMBER 31, 2019		<u>5,380,715</u>	<u>3,988,884</u>	<u>2,585,947</u>	<u>515,600</u>	<u>3,101,547</u>	<u>325,582</u>	<u>12,796,728</u>

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, 2019 and 2018
(In thousands of U.S. dollars)

	NOTES	2019	2018
OPERATING ACTIVITIES:			
Net income and total comprehensive income		325,582	223,577
Adjustments to reconcile net income to net cash used in operating activities:			
Unrealized gain on trading securities	4	(51,964)	(1,750)
Amortization of loan commissions, net of origination costs		(14,544)	(16,406)
Provision for loan losses	6	52,395	13,192
Impairment charge for equity investments	7	2,874	21,991
Unrealized changes in fair value related to equity investment	7	(8,000)	(13,691)
Equity in earnings of investees	7	3,225	(3,436)
Amortization of deferred charges		3,119	6,120
Depreciation of property and equipment	8	7,030	6,005
Provision for employees' severance benefits		13,020	13,080
Provision for employees' savings plan		932	1,121
Unrealized changes in fair value related to other financial instruments		5,273	(504)
Net changes in operating assets and liabilities:			
Trading securities, net		(651,729)	(445,068)
Accrued interest and commissions receivable		(8,695)	(95,399)
Other assets		(9,585)	3,265
Accrued interest payable		9,327	79,572
Severance benefits paid or advanced		(11,345)	(12,124)
Employees' savings plan paid or advanced		(3,730)	(3,769)
Accrued expenses and other liabilities		177,234	(148)
Total adjustments and net changes in operating assets and liabilities		<u>(485,163)</u>	<u>(447,949)</u>
Net cash used in operating activities		<u>(159,581)</u>	<u>(224,372)</u>
INVESTING ACTIVITIES:			
Purchases of other investments	5	(4,824,185)	(2,315,421)
Maturities of other investments	5	4,486,018	3,110,541
Loan origination and principal collections, net	6	(1,407,006)	(1,475,133)
Equity investments, net	7	(2,257)	(31,506)
Property and equipment, net	8	(13,302)	(21,636)
Net cash used in investing activities		<u>(1,760,732)</u>	<u>(733,155)</u>
		<i>Carried forward,</i>	<i>(957,527)</i>
		<u>(1,920,313)</u>	<u>(957,527)</u>

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, 2019 and 2018
(In thousands of U.S. dollars)

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
<i>Brought forward</i>		(1,920,313)	(957,527)
FINANCING ACTIVITIES:			
Net (decreases) increase in deposits	10	(537,620)	260,402
Proceeds from commercial paper	11	7,446,271	2,629,208
Repayment of commercial paper	11	(7,179,433)	(3,758,589)
Net decrease (increase) in derivative-related collateral		215,256	(457,805)
Proceeds from issuance of bonds	13	3,370,171	4,900,589
Repayment of bonds	13	(2,296,329)	(2,355,306)
Proceeds from borrowings from other financial institutions		333,582	169,699
Repayment of borrowings from other financial institutions		(239,928)	(290,151)
Proceeds from issuance of shares	16	607,746	518,087
Net cash provided by financing activities		<u>1,719,715</u>	<u>1,616,134</u>
NET (DECREASE) INCREASE IN CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS		(200,598)	658,607
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR		<u>2,721,667</u>	<u>2,063,060</u>
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT END OF THE YEAR		<u><u>2,521,069</u></u>	<u><u>2,721,667</u></u>
SUPPLEMENTAL DISCLOSURE:			
Interest paid during the year		<u>920,093</u>	<u>727,661</u>
NONCASH FINANCING ACTIVITIES:			
Loan origination	6	<u>(500,000)</u>	<u>-</u>
Principal collections	6	<u>500,000</u>	<u>-</u>
Change in derivative instruments assets		<u>241,455</u>	<u>347,863</u>
Change in derivative instruments liabilities		<u>(234,059)</u>	<u>323,190</u>

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' Meetings¹

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 Directors²

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 Committee³

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 L Ordinary Shareholders' Meeting was held on March 12, 2019.

2. In 2019, three Board meetings were held: March 12 (CLXV Board Meeting), July 9 (CLXVI Board Meeting) and December 3 (CLXVII Board Meeting).

3. In 2019, the Audit Committee met twice: March 11 (XXXIII Audit Committee Meeting) and December 2 (XXXIV Audit Committee Meeting).

Corporación Andina de Fomento (CAF)

CAF'S Board of Directors, period 2017-2020

Chairman of the Board of Directors

(April 1, 2019 – March 31, 2020)

Alberto Carrasquilla

Minister of Finance and Public Credit, Colombia

Series "A" shares, period 2017 – 2020

ARGENTINA

Principal: Gustavo Béliz

Secretary of Strategic Affairs

Alternate: Christian Asinelli

Under Secretary for
International Financial Relations
for Development

BOLIVIA

Principal: Carlos Díaz

Villavicencio Minister of
Development Planning

Alternate: Tito Armando

Velasco Vice Minister of
Public Investment and
External Financing

BRAZIL

Principal: Marcos Prado Troyjo

Vice Minister of Foreign Trade
and International Affairs

Ministry of Economy

Alternate: Erivaldo Alfredo

Gomes Secretary of
International Economic Affairs
Ministry of Economy

COLOMBIA

Principal: Alberto Carrasquilla

Minister of Finance and
Public Credit

Alternate: José Manuel

Restrepo Minister of Trade,
Industry and Tourism

ECUADOR

Principal: Juan Carlos Jácome

Chairman of the Board
of Directors Corporación
Financiera Nacional

Alternate: Pablo Patiño

General Manager
Corporación Financiera
Nacional

PANAMA

Principal: Héctor Alexander

Minister of Economy
and Finance

Alternate: Javier Carrizo

General Manager
Banco Nacional de Panamá

PARAGUAY

Principal: Benigno López

Minister of Finance

Alternate: Humberto Colmán

Vice Minister of Economy

PERU

Principal: María Antonieta Alva

Minister of Economy
and Finance

Alternate: to be appointed

TRINIDAD AND TOBAGO

Principal: Colm Imbert

Minister of Finance

Alternate: Alvin Hilaire

Governor of the Central Bank
of Trinidad and Tobago

URUGUAY

Principal: Danilo Astori

Minister of Economy
and Finance

Alternate: Alberto Graña

President of the Central Bank
of Uruguay

VENEZUELA

Principal: Oswaldo Pérez

Cuevas

Vice Minister of Finance
and Public Budget, People's
Power Ministry of Economy
and Finance

Alternate: Santiago Lazo

Ortega Vice Minister of
Economic Planning, People's
Power Ministry of Planning

Series "B" shares, period 2017 – 2020

BOLIVIA

Principal: José Luis Parada

Minister of Economy
and Public Finance

Alternate: Omar Velasco

Vice Minister of Treasury
and Public Credit

COLOMBIA

Principal: Juan José

Echavarría Soto

General Manager of
Banco de la República

Alternate: Luis Alberto

Rodríguez Director of the
National Planning Department

ECUADOR

Principal: Richard Martínez

Minister of Economy
and Finance

Alternate: Verónica Elizabeth

Artola General Manager of the
Central Bank of Ecuador

PERU

Principal: Carlos Linares

Chairman of the Board of
Directors, Corporación
Financiera de Desarrollo

(COFIDE)

Alternate: to be appointed

VENEZUELA

Principal: Xabier León

Executive Vice President,
Banco de Desarrollo
Económico y Social de
Venezuela (BANDES)

Alternate: Vanessa Avendaño

Legal Counsel, Banco de
Desarrollo Económico y Social
de Venezuela (BANDES)

PRIVATE BANKING

Principal: María Lorena

Gutiérrez President of
Corporación Financiera
Colombiana, S.A.

Alternate: Ángelo Caputi

Executive President
of Banco de Guayaquil

Series "C" shares, period 2018 – 2021

SPAIN

Principal: Nadia Calviño

Minister of Economy
and Business

MEXICO

Principal: Arturo Herrera Gutiérrez

Secretary of Finance and Public Credit

DOMINICAN REPUBLIC

Alternate: Donald Guerrero

Minister of Finance

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, 2019)

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

Legal Counsel **Octavio Rosselli**
Direction of Non-sovereign Risk Legal Affairs **Jorge Velarde (Acting)**
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 Spaces **Germán Alzate**
Director, Logistic and Administrative Services **Andrés Leiro**
Director, Physical Infrastructure Development and Maintenance **Decia Paradisi**
Director, Accounting **Franca Capobianco (Acting)**
Direction of Planning and Compensation **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 **Jorge Socualaya**
Direction of portfolio review **Beatriz Álvarez (Acting)**

Vice President, Country Programs **Bernardo Requena (Acting)**
Director, Operational Programming **Miguel Ángel Ostos**
Director, Development Cooperation Funds **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 **Bernardo Requena**
Representative, Mexico **Emilio Uquillas**
Representative, Panama **Lucía Meza (Acting)**
Representative, Paraguay **Joel Branski**
Representative, Peru **Manuel Malaret**
Representative, Trinidad and Tobago **Gianpiero Leoncini**
Representative, Uruguay **Francois Borit (Acting)**

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 Infrastructure Analysis and Assessment **Sandra Conde**
Director, Northern Region Projects **Lucía Meza**
Director, Southern Region Projects **Ángel Cárdenas**
Director, Energy Projects **María Claudia Flores**

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

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

Vice President, Knowledge **Pablo Sanguinetti**
Director, Socioeconomic Research **Christian Daude**
Director, Macroeconomic Studies **Adriana Arreaza**
Director, Impact Assessment and Policy Learning **Daniel Ortega**
Director, Sectoral Knowledge **Nicolás Estupiñán**
Director, Digital Innovation in Government **Carlos Santiso**

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, Edifício Via Esplanada, Sala 404, Brasília – DF CEP 70070-600

Telephone: +55 (61) 2191.8600

Email: brasil@caf.com

Colombia

Carrera 9ª. N° 76-49 Edificio ING, Floor 7, Bogotá

Telephone: +57 (1) 744.9444 (main)

Fax: +57 (1) 313.2721 / 313.2787 / 7437300

Email: colombia@caf.com

Ecuador

Avenida 12 de octubre N° 24- 562 Y Cordero, Edificio World Trade Center, Torre A, Floor 13 Quito

Telephone: +593 (2) 398.8400 (main)

Fax: +593 (2) 222.2107

Email: ecuador@caf.com

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 Pacifica, P.H Oceania Business Plaza, Torre 2000, Floor 27 Punta Pacifica, 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, Asunción.

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

ANNUAL REPORT 2019

©©2019 Corporación Andina de Fomento
All rights reserved

ISSN 1315-9394

Publisher: CAF

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

Graphic design:

GOOD;) Comunicación para el desarrollo sostenible.

Photography:

Paolo Collarino, p. 6

CAF's image bank, pp. 5, 52, 78, 79, 82, 83, 96, 97, 98, 99, 101
Istock, pp. cover, 2, 10, 36, 38, 40, 44, 46, 48, 50, 52, 54, 58, 60,
64, 66, 70, 72, 74, 75, 76, 80, 82, 84, 86, 87, 88, 90, 108
Gabriel Inamine (courtesy of UEP São Bernardo), p. 42

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



WWW.CAF.COM

