



2022

Annual Report



The green bank of Latin America and the Caribbean



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, Ecuador, El Salvador, Spain, Jamaica, Mexico, Panama, Paraguay, Peru, Portugal, Dominican Republic, Trinidad and Tobago, Uruguay, Venezuela and 13 private banks in the region. It serves the public and private sectors, supplying multiple products and services to a wide portfolio of clients formed by the shareholder States, private companies and financial institutions. In its management policies, it integrates social and environmental variables and includes eco-efficiency and sustainability criteria in all its operations. In its financial intermediary role, CAF mobilizes resources from international markets to Latin America, promoting investments and business opportunities.

Shareholder countries

Argentina (2001) | Barbados (2015) | Bolivia (1970) | Brasil (1995) | Chile (1992) | Colombia (1970) | Costa Rica (2002) | Ecuador (1970) | El Salvador (2022) | Spain (2002) | Jamaica (1999) | Mexico (1990) | Panama (1997) | Paraguay (1997) | Peru (1970) | Portugal (2009) | Dominican Republic (2004) | Trinidad and Tobago (1994) | Uruguay (2001) | Venezuela (1970)

Santiago de Chile. Chile began the process of becoming a full member of CAF in 2022.

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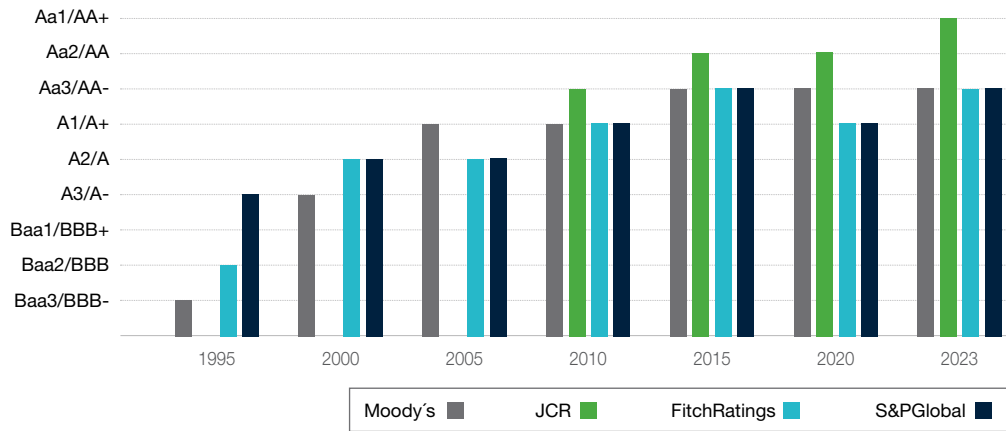
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Management

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Offices

164

CAF has the highest credit ratings in its history



2022 Highlights





Total Assets
\$ million

50,377

2021: 47,592

Consolidated
portfolio
\$ million

31,170

2021: 30,029

Operating profit
\$ million

279

2021: 138

Liquid assets
\$ million

15,385

2021: 16,118

Net equity
\$ million

13,719

2021: 13,300

Equity reinforcement

In 2022, the largest equity increase in CAF history was approved

\$ 7 billion

- This demonstrates decided shareholder **support**
- Completely placed as **paid-up capital**
- This allows CAF to further expand its operations and to **maintain its strong credit metrics**

Most recent capital increases
\$ billion

2015: **+4.5**

2011: **+2**

2009: **+2.5**

2007: **+1.5**

2002: **+0.2**

1999: **+0.2**



Message from the Executive President

The 2022 was supposed to be the year of the return to normal: we left behind the worst ravages of the pandemic, commercial activity and tourism was reactivated, we banished the face coverings from our everyday attire and gradually returned to face-to-face presence in our offices. All of this happened, but post-pandemic normality brought a bitter-sweet taste.

Internal constraints and global uncertainty—primarily marked by the war in Ukraine and the trade backdrop of China and the United States—limited economic growth in Latin America and the Caribbean to 3.7% in 2022, with this being reduced by almost half as compared to 2021.

The deceleration trend will be accentuated in 2023, which will compromise social advances yielded in past decades. In addition to this, sociopolitical upheavals are noted in various countries, which demonstrates the need to continue building cross-cutting consensus in order to achieve stability and development which reaches all citizens.

In this context full of structural challenges and expedient situational pressures, the management team which I lead at CAF fulfilled its first year of management with **three very clear objectives: raise the voice of the region to have more impact on global geopolitics; drive regional integration; and make CAF the green bank and the reactivation bank of Latin America and the Caribbean.**

The fruits of this new vision are already palpable. First, **we achieved a historic capitalization of \$7 billion, the largest in the institution's history**, which will allow us to double the portfolio by 2030. The new resources, achieved through the generation of consensus, will support the economic reactivation in the shareholder countries and will contribute to consolidating ourselves as the region's green bank. In addition, the CAF Board of Directors approved the construction of a new building for our North Regional Hub in Panama, which will have a capacity of 250 jobs and which will help us to better serve Central America, the Caribbean and the Andean region.

At the credit operations level, **we approved \$14.1 billion to incentivize economic reactivation,**

the productive sector and green growth. We focus on energy, transportation and telecommunications infrastructure, water and sanitation, environment and climate change, education and digitalization, and continue to contribute directly to several of the Sustainable Development Goals.

Another fact that reflects the interest and trust, which countries in the region increasingly place in CAF to support them technically and financially in their development plans, was the incorporation of **EI Salvador, Chile and Costa Rica as full members of the institution.** Chile's case is particularly illustrative. The Andean country returned to the body as a full member and, after 45 years, will again access funding lines and have a voice and vote in the organization's decisions. In addition to these incorporations, the creation of a management team for the Caribbean will facilitate greater Caribbean integration and provide agile and effective support for the region's economic recovery.

We also accompany the processes of change for the governments of Costa Rica, Colombia and Chile, in order to align interests and identify strategic lines of work to which CAF can contribute its technical knowledge and financial resources, in a demonstration of our commitment to generate long-term national and regional consensus that facilitate progress in the country's development agendas.

In 2022, CAF delivered excellent financial results. Key achievements include **increased risk ratings from S&P as AA- and from JCR as AA; outlook improved to Positive by Fitch; long-term resource capture of nearly \$4 billion** as 30 bond issuances in 10 different currencies; **contracting of approximately \$1 billion in various lines of credit; and increasing our presence in the U.S. and European commercial paper markets.**

From our CAF Asset Management platform, which currently has approximately \$1.2 billion of assets under management, we continue to build investment funds in the context of our current operations and to explore various countries for deployment of our operations. We also began the exploring the linking of international investors with funds, in an effort that will reap fruit in the medium term.

As for our environmental proposal, we announced that we will invest **\$1.25 billion to preserve ocean health**, and we continue to work on the major lines of action to become the green bank in Latin America and the Caribbean, **mobilizing \$25 billion to foster green growth in the region**. This means that our green portfolio will increase from 24% in 2020 to 40% in 2026.

Another theme that we were promoting was **regional integration**. A significant example is the organization in Bogota of a meeting of more than 400 public, business and trade representatives, from **Colombia and Venezuela**, to chart new paths that lead to the **restoration of the relationship between the two countries**. The meeting focused specifically on advancing integration and physical infrastructure at the border, energy transition, sustainable tourism, agricultural development, and cooperation.

With the idea of raising the voice of the region, **America Futura was founded**, an initiative led by El País and CAF that makes the global solutions originated in the region visible; the Latin American faces, ideas, achievements and projects with great potential to contribute to social and environmental sustainability. In just six months, **the website has become a reference for development topics and recorded more than 2.6 million views**.

In addition, we deepened our role as a spokes-organization for Latin America and the Caribbean in other regions, through synergies with **strategic allies such as the United States, Europe, China and the Middle East**, and helped the region to increase and improve its inclusion into global decision forums. We brought the voice of the region to various global forums such as the climate summits, **the UN Assembly** with our week “Many Voices, One Region [Muchas voces, una región]” and, in parallel, organized our first **CAF Conference in Portugal**.

Internally, **we initiated a process to improve the organizational culture** with the goal of remaining one of the benchmark institutions for regional development. The commitment of all of the businesspersons is essential in order to achieve the intended objectives. To enhance the impact

of our work, **we held the first meeting of all CAF officials in Caracas**, a historic milestone that contributed to creating a new sense of belonging to the institution.

The region needs institutions like CAF more than ever. We are a strategic ally for countries in the region to overcome middle-income traps and to integrate into global value chains, and also to build more equitable, vibrant and prosperous societies. As you will see below, we closed 2022 with great accomplishments, but the impact of our work is not stopping.



Sergio Díaz-Granados

Sergio Díaz-Granados

Executive President

Messages from the Vice Presidencies and the General Secretariat

Carolina España

Executive Vice President



The 2022 was a year of significant progress in optimizing CAF's strategic and operational performance. From the Executive Vice Presidency, we are carrying out a wide range of internal coordination and management tasks aimed at improving strategic and budgetary planning, execution and tracking; physical and digital infrastructure; process efficiency; and at strengthening the corporate culture.

Without a doubt, one of the main milestones of the year was the implementation of a new organizational structure, approved by the Board of Directors in July, which reflects the institution's strategic vision of making CAF the region's green bank and reactivation bank. In this sense, from the human capital area, we are driving a change of focus with the aim of being genuine business allies in managing the primary tool which institutions have for the achieving of their objectives: people.

Following a pandemic that kept us physically distant, and a challenging transition process, the completion of the first general meeting of on-site officials, which we called "We are CAF [Somos CAF]" was especially significant. Our logistics and administrative services department contributed

decisively to the success of this historic meeting, in close coordination with the General Secretariat and the Directorate of Strategic Communication and External Relations.

In 2022 we also opened new offices in Santiago, Santo Domingo, San Salvador and Sao Paulo; which was successfully culminated with the implementation of SAP modules for the approval of administrative processes, which are charged with supporting the business and budget management areas, and we migrated services to the cloud, which helped reduce our carbon footprint. In parallel, with Operations Control and Digital Solutions, we initiated a process of modernizing and integrating the tools used to manage the credit process.

Additionally, we created Planning and Development Impact Management which coordinated the preparation of the 2023-2026 corporate strategy, including the identification of agendas, cross-sectional priorities, enablers, and indispensable actors in the realization of the CAF's vision. This area is called upon to play a key role in monitoring progress for the implementation of the corporate strategy, and in measuring the impact of institutional action on development.

From the Executive Vice Presidency, we want to send our recognition and appreciation to all the collaborators and allies who contributed to accelerating the transformation processes of our strategic, technological and administrative management. We affirm our commitment to building an increasingly efficient and effective institution aimed at promoting sustainable development and regional integration.

Key Milestones in 2022

- Adoption of a new organizational structure that reflects the institution's strategic vision.
- Description of the 2023-2026 corporate strategy.
- Creation of Planning and Development Impact Management to monitor progress and measure its impact.
- Implementation of SAP modules for the approval of administrative processes and migration of services to the cloud with reduction of carbon footprint.
- Opening of four new CAF offices in Santiago, Santo Domingo, San Salvador and Sao Paulo.

Christian Asinelli

Corporate Vice President
of Strategic Programming



Throughout 2022, we have shared the challenges and opportunities with our countries in order to become a regional solution. Therefore, in addition to working in order to identify the main challenges of the post-pandemic era, we designed an agenda of proposals to enhance the economic and social reactivation of Latin America and the Caribbean, and to ensure the sustainability of our portfolio.

Responding to the mandate to become the green bank of Latin America and the Caribbean, we agree to promote and support a fair transition to a green, low-carbon, resilient economy that makes sustainable use of its biodiversity, effectively incorporating the environmental and climate component into CAF operations and strengthening the mobilization of green financing resources. In keeping with the corporate objective of reaching 40% green approvals by 2026, in June we made a commitment to allocate \$1.25 billion over the next five years to fund projects that help preserve and energize the region's marine ecosystems. Additionally, we are advancing the creation of a BiodiverCities Network at the regional level that will contribute to strengthening an urban management model in harmony with nature.

We also understand that being the reactivation bank involves rethinking how we accompany

the region in its economic growth and social development. This obligates us, on the one hand, to promote physical infrastructure and digital transformation projects with a focus on sustainability, and on the other, to ensure social well-being with equity, inclusion and diversity, joining efforts in the fight against poverty, supporting programs that offer relevant and quality education for an efficient entry into the labor market, and join countries in their efforts to ensure secure access to nutritional food. I specifically highlight the launch of our gender equality strategy, focused on promoting the empowerment of women and girls through the reinforcement of their economic, physical and decision-making autonomy, and the presentation of our 2022 Economics and Development Report, which analyzes the persistence of inequality from a diagnosis of the evolution of intergenerational mobility in the region.

The equity strengthening approved in March, in addition to being the largest capitalization in our institution's history, represents a clear mandate to consolidate the strategy of accompanying our member countries' in their development plans and policies. In the same sense, the historic reinstatement of Chile as a full member; the increase in the shareholding of Costa Rica and the Dominican Republic; and the incorporation of El Salvador and Honduras, are a vote of confidence that drives us to coordinate efforts and design new funding instruments for sustainable and inclusive development.

It makes us aware of the responsibility that we have to a region that, today more than ever, demands the consistent support of its multilateral funding bodies.

Key Milestones in 2022

- Total approvals of \$14.1 billion, of which 30.7% corresponds to green financing.
- Reintegration of Chile as full member; increase in shareholding by Costa Rica and Dominican Republic; incorporation of El Salvador and Honduras.
- Launch of the 2022 - 2026 Gender Equality Strategy.
- Creation of the BiodiverCities Latin American and Caribbean Cities network.
- Agreement to invest \$1.25 billion in regional ocean preservation.
- Introducing RED 2022 on lack of equality and intergenerational mobility.

Gabriel Felpeto

Vice President of Finance



In a year characterized by high volatility in financial markets due to inflationary pressures, widespread global interest rate increases and various geopolitical conflicts, CAF obtained excellent financial results buttressed by the support of its shareholders. These were realized through the largest capital increase in its history in the amount of \$7 billion, unanimously approved by the Shareholders Meeting held in March in Asunción, Paraguay. This

capital increase, which is progressing favorably through the signing of the share subscription agreements with each member country, will allow the institution to sustain its growth in the coming years and, in turn, meet the goals set to become the region's green bank and reactivation bank.

In addition to the above, the continued expansion of the number of shareholders of the institution is aggregated, highlighting the cases of El Salvador, which became the 20th CAF shareholder, and of Chile, which completed the process of conversion to become a full member, resuming the relevant role it played as founder of the institution. These

events, in addition to the prudent management of the financial situation which maintained adequate levels of capitalization and liquidity, led to an increase in CAF's risk ratings from by S&P to AA- and from JCR to AA+, in addition to Fitch improving the outlook to positive.

The year 2022 was characterized by an adverse financial environment, despite which CAF's access to the markets for raising long-term resources was maintained, for an amount close to \$4 billion in 30 bond issues in 10 different currencies, and the contracting of approximately \$1 billion in various lines of credit, as well as CAF's increased presence in commercial paper markets in the United States and Europe. This continued access to financial markets, reflecting CAF's excellent image in the universe of investors globally, allowed it to respond in a timely manner to the demand for resources by the shareholder countries and other clients of the institution.

Finally, the growth of the institution's balance sheet stands out, exceeding total assets for the first time in its history: \$50 billion as of the close of 2022. In the same manner, CAF's net profit grew as compared to the previous year, at \$169 million in 2022, reflecting prudent financial management and supporting the growth of equity through retained earnings. These excellent financial results, which are presented in detail throughout this annual report, reinforce CAF's position among the region's most prestigious issuers of debt.

Key Milestones in 2022

- The largest capital increase in CAF history and shareholder expansion contributed to the improvement of risk ratings to AA- (S&P) and AA+ (JCR).
- In an adverse financial environment, CAF maintained its presence in capital markets (\$4 billion across 30 issuances) thanks to its excellent image with institutional investors.
- In addition, there was a significant increase in the acquiring of other short-term and long-term financing, through deposits, commercial papers and lines of credit.
- CAF continued its expansion by reaching, for the first time in its history, \$50 billion in total assets. It also had an improvement in its net profit, reaching \$169 million in 2022.

Jorge Saba Arbache

Vice President of Private Sector



2022 represented a milestone for CAF's action by the region's private sector. "The bank's Board of Directors approved a new strategy based on 3 pillars of sustainable development: green agenda, greater equity and inclusion, and economic recovery of the region, since companies, particularly MSMEs, are the protagonists of this effort. In total, more than \$2.2 billion of private sector resources were disbursed that benefited more than 17,200

SMEs, 9,100 companies and 50,200 micro-entrepreneurs.

Within the framework of the ALIDE [Latin American Association of Development Finance Institutions] 2022 Assembly, we launched the Latin American and Caribbean Regional Carbon Market Initiative – ILACC [Iniciativa Latinoamericana y Caribeña de Mercado Regional de Carbono] –, which seeks to boost the voluntary market with regulatory actions, incentives, transparency mechanisms, project financing and co-financing and capacity building to consolidate the relationship between the region and buyers of carbon credits worldwide.

In terms of green financing, we highlight: the approval of the guarantee to BNDES de Brasil for 200 million Brazilian Reals to support the construction and operation of line 6 of the Sao Paulo metro, benefiting 750,000 people daily; the \$300 million A/B credit to Pan American Energy of Argentina to support its investments in climate

change mitigation and strengthening its value chain; investments totaling \$50 million in the Vinci Climate Change and Patria de Brasil Funds for projects (which) include renewable energy, and the SA Impact Forestry Fund of Paraguay, for forestry development. In October, the GCF approved the E-Motion Program to be implemented by CAF, with \$231 million for the strengthening of the electric mobility ecosystem in Panama, Paraguay and Uruguay. With these operations, more than \$500 million was mobilized for development of the region.

In terms of economic recovery, disbursements of \$1 billion were approved in favor of national development banks. We also highlighted the approval of the IV CAFAM Fund in Uruguay, for \$10 million to fund infrastructure projects.

To strengthen business innovation in the region, workshops were held with more than 310 participants in Colombia, Uruguay, Mexico and Argentina; the CAF Innovation Summit in Spain with the participation of Secretariats of Science, Technology and Innovation, technology centers and universities in 6 countries in the region and 8 sessions of the Innovation Ecosystem Promotion and Articulation Program in Argentina, Uruguay, Colombia, Costa Rica, Paraguay, Ecuador and Panama, which certified more than 700 people. The first stage of the new version of the Export Excellence Companies Program was also developed for nearly 100 SME service officials in Colombia and Peru, who will serve as trainers in their countries.

Finally, the fourth edition of the Financial Inclusion Laboratory awarded 10 companies and institutions, from 454 submitting companies, that presented innovative models with high technological content for the financial inclusion of women and micro-companies and MSMEs led by and/or owned by women.

Key Milestones in 2022

- Strategy for the private sector based on 3 pillars of sustainable development: green agenda, greater equity and inclusion, and economic recovery.
- Launch of the Latin American and Caribbean Regional Carbon Market Initiative – ILACC –, which seeks to promote a minimum classification for the region.
- Consolidation of the development bank agenda, with disbursements of \$1 billion for economic re-activation.
- Completion of the fourth edition of the Financial Inclusion Laboratory that awarded 10 companies and institutions.

Alejandra Claros

Secretary General



In 2022, from the General Secretariat, we continued to promote and deepen the strategic relationship with the members of the Board of Directors and their Shareholders, in order to strengthen the Institution's corporate governance. In this sense, we work together with the business areas to delve into the improvement of communication with the Associate Entities.

To do this, 17 meetings were held: 3 Boards of Directors, 1 Ordinary Meeting, 2 Extraordinary Meetings, 5 Technical Committees of the Board of Directors, 2 Audit Committees, as

well as 5 reflection meetings on strategic topics for the region, contained in the CAF Agenda.

We have also taken on a mission to become a more humanistic bank committed to social responsibility. For this reason, from the Coordination of Culture and Sports - attached to the Secretariat General - we make immense efforts to enhance the cultural and sports richness of our region by reactivating programs in both areas.

In addition to the above, we expanded the range of action of cultural activities, which meant unprecedented exponential growth: from 10 initiatives carried out between 2017 and 2021 (on average per year), which increased to 90 in 2022, with a direct impact on more than 30,000 people. Our cultural and sports programming has enabled more than 700 artists and 50 companies to be offered employment opportunities in these areas while fostering strategic institutional agreements with countries within and outside of the region.

Finally, from the Secretariat General, we have a firm commitment to inform, efficiently and in a timely manner, its shareholders, partners, allies and citizens about their activities and their impacts in order to make CAF a more transparent Institution, which consolidates their trust and makes it a more attractive ally for the mobilization of resources to the region.

Key Milestones in 2022

- Entry into operation of the Technical Committee of the CAF Board of Directors as an instance of deliberation and consultation to support the Board of Directors in making decisions on the matters and topics within its competence.
- Signing of the MoU with Conmebol with a reach of more than 800 girls and young athletes from the 10 member countries of both institutions.
- Holding of the CLXXIV Meeting of the CAF Board of Directors in Asunción and formalization of the equity strengthening by the Shareholders' Meeting.
- Creation of the Institutional Access to Information and Transparency Committee – CAITI comprised of CAF Senior Management.
- Approval of the conditions for the incorporation of Honduras and Chile as member countries during the CLXXV Meeting of CAF's Board of Directors (Panama City).
- Approval of the first "Information Access and Institutional Transparency Policy" during the CLXXVI Meeting of the CAF Board of Directors (Montevideo), which reaffirms CAF's commitment to be a more transparent and proactive bank in the disclosure of its actions and their impact.
- CAF's entry in the international ranking of transparency measurement and access to information.



Aerial view of the Pan-American Highway. Peru.



CAF 2022: a year of leadership, transformation and momentum for the region

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CLXXIV CAF Board of Directors Meeting in Asunción, Paraguay. March 8, 2022.

Thank you to the Board chairpersons

The CAF Board of Directors is composed of representatives of Series A, B and C shareholders, who are traditionally ministers of Economy and Finance, presidents of central banks and high economic authorities of the shareholder countries. Among its functions, it includes establishing CAF's policies, appointing the executive president, approving credit transactions, the annual expenditures budget, the issuance of guarantees or investments and any other operation falling within the scope of CAF's objectives.

The Chairman of the Board is responsible for presiding over three meetings of the CAF Board of Directors, as well as the sessions of the Assemblies and Audit Committee, among others, for a term of one year. Panama's Minister of Economy and Finance, Héctor Alexander, wielded this responsibility from April 2021 until

March 2022, with his outstanding leadership building the consensus that led to the election of a new executive president and the largest capitalization in CAF history during the time period when the region has the most need for support from multilateral institutions.

The Minister of Finance of Paraguay, Óscar Llamosas, assumed the post for the 2022-2023 period, which coincided with the 25th anniversary of the incorporation of Paraguay into the multilateral institution; and was in charge of the approval by the General Assembly of the capitalization and the definition of the road map to make CAF Latin America and the Caribbean's green bank and economic and social reactivation bank. In addition, he played a key role in Chili's reinstatement as a full member and the entry of new shareholders such as El Salvador.

2022: a transitional year for the future of CAF

2022 was a key year for CAF's consolidation process on its way to becoming the green bank and the reactivation bank for Latin America and the Caribbean.

With total approvals of \$14.1 billion, the institution consistently contributed to the recovery and dynamization of the productive and financial sectors, as well as the strengthening of institutional action, the increasing of well-being deploying actions to address the consequences of an unprecedented crisis, which affected the most vulnerable in an especially forceful manner.

In March 2022, the CAF Shareholders' Meeting approved the largest capitalization in the institution's history, for \$7 billion. This demonstration of the shareholder countries' confidence in the bank's institutional strength will allow the portfolio to double by 2030.

These new resources support action today and lay a solid foundation for the future. In line with the institutional vision, the 2022 approvals will allow the Sustainable Development Agenda to continue to materialize.

Institutional action has also been focusing on supporting innovation in the agricultural sector and comprehensive approaches from a territorial perspective, as well as interventions for the protection and sustainable use of marine-coastal ecosystems, the strengthening of digitalization and sustainable tourism.

The support for management and execution of the actions is a demonstration that international cooperation is a principle which is indispensable for responding to the primary challenges of our time – circumstances that include economic slowdowns, inflationary pressures, war tensions and increasing food insecurity.

Along with promoting a fair energy transition for the countries of the region, supporting subnational governments, promoting regional integration and supporting private sector action, CAF continues to consolidate its work in building institutional bridges based on common agendas.

In this sense, one of the most illustrative projects for regional integration is the carrying out of complementary studies for the execution of the international bridge on the Uruguay River, Monte Caseros – Bella Unión, between Argentina and Uruguay, a new direct connection that will allow reducing the travel time of freight transport and its corresponding cost, due to the reduction of between 180 km and 280 km of travel between the economic centers of Argentina, Brazil and Uruguay. The project will also improve connectivity, and have a positive impact on various social and cultural components of the two locations.

The Latin American and Caribbean development bank is also advancing its consolidation as voice which brings together and amplifies the region's interests in the global context – an institution that transcends the regional dimension to provide a presence in multilateral scenarios, in order to address global problems and find shared solutions that benefit all humanity.

In March 2022, the CAF Shareholders' Meeting approved the largest capitalization in the institution's history, for \$7 billion.



Gabriel Boric, President of Chile, and Sergio Diaz-Granados, executive president of CAF.

Chile: the returning of a founding member

Amid a challenging and unprecedented scenario, Latin America and the Caribbean, supported by CAF, have chosen the path to crafting a *regional solution* and a development engine.

During 2022, Chile, Costa Rica and El Salvador became full members, which will provide them access to new financial instruments and tools, technical assistance and knowledge generation for both the public and private sectors in order to benefit their populations, through deployment of actions aimed at sustainable development and regional integration.

Chile's case is especially illustrative of CAF's growing importance in the regional and global context. The country, one of the bank's original founders, returned to the institution as a full member and, after 45 years, will regain access to larger lines of financing, with a voice and a vote in the organization's decisions.



Signing of the agreement for the incorporation of Chile into CAF as a full member.



Article of the creation of CAF in the Colombian press, February 1968.

Chile's case is especially illustrative of CAF's growing importance in the regional and global context. The country, one of the bank's original founding members, was reinstated to the institution as a full member.

Trinidad and Tobago: regional hub for the Caribbean

This process is also reflected in the creation of the Caribbean Regional Office in Trinidad and Tobago. This presence will foster deeper integration with regional players with enormous potential, providing agile and effective support for the economic recovery.

In addition to the opening of our Caribbean Hub, 2022 was the year that CAF's Executive President first visited Trinidad and Tobago. He did so on the occasion of the celebration of the tenth anniversary of the country in CAF, to present the Economic and Development Report on structural inequalities in Latin America and the Caribbean. This approach reflects the institution's increasing influence and the growing interest in it within the Caribbean region. Currently, CAF is the multilateral agency with the most significant funding presence in Trinidad and Tobago.

In 2022, CAF's Executive President also met with Mohamed Irfaan Ali, President of Guyana, to discuss potential partnerships to ensure that newly discovered oil and gas resources in the country are oriented toward boosting their economy and diversifying a number of critical sectors such as agriculture, tourism, social services and infrastructure. The government is also promoting its low-carbon development strategy, an area where CAF can contribute significantly.



Prime Minister of Trinidad and Tobago Keith Rowley, and CAF Executive President Sergio Diaz-Granados, with representatives of both parties, on a visit for the country's 10th anniversary as a member of the bank.



Meeting between the President of Guyana Mohamed Irfaan Ali, and CAF's Executive President Sergio Diaz-Granados.

2022 was the year that CAF's Executive President first visited Trinidad and Tobago. He did so on the occasion of the celebration of the tenth anniversary of the country in CAF, to present the Economic and Development Report on structural inequalities in Latin America and the Caribbean.

Panama Alliance – CAF 25 years inspired by sustainability, social and territorial cohesion



CAF has participated in the financing of the Canal.

CAF - Latin America's development bank commemorated Panama's 25 years as a shareholder and full member of the institution that supports the achievement of important infrastructure projects, basic services, roads, energy, as well as accompaniment to achieve logistics hub and digital transformation efficiencies, as well as use of the local financial system to provide incentives for SMEs.

Over the course of these 25 years nearly \$7 billion has been approved with \$3.9 billion having been disbursed. During the period from 1997 to 2022, CAF's portfolio in Panama consolidated from \$5 million in 1998 to \$2.7 billion today. 78% of this portfolio positively impacts environmental sustainability, through areas such as logistics, mobility, roadway, water and sanitation.

Some of the flagship projects in which the institution has participated are the expansion of the Canal, the Panama Metro, the Panama Bay Sanitation Program, school infrastructure programs, Specialized Technical Higher Institute (ITSE [Instituto Técnico Superior Especializado]), University of Panama School of Sciences; IDAAN [Instituto de Acueductos y Alcantarillados Nacionales (National Institute of Aqueducts and Sewers)] support programs for drinking water and sewer systems connections.

As part of environmental initiatives, in 2022 CAF funded the National Climate Change Policy Support Program, in the order of \$320 million.

Panama will continue fostering the development of infrastructure for physical and functional integration such as the Hub logistics and airports, trade and tourism facilitation processes, among other efforts, which reinforce the country's sustainable development, particularly those aimed at achieving the SDGs by 2030 and the Paris Agreement.

**As part of environmental initiatives, in 2022
CAF funded the National Climate Change Policy
Support Program, in the order of \$320 million.**

PPPs as an infrastructure financing alternative in the region

Within the framework of the CLXXV CAF Board of Directors meeting held in Paraguay in 2022, the CAF-AM Conversation was held: Aspirations and challenges for Public-Private Partnerships in Latin America and the Caribbean. It was moderated by Jorge Arbache, CAF's Vice President of the Private Sector, with the participation of the board members and the bank's senior management.

Christian Knudsen, CAF-AM General Manager, gave the corporate presentation and 2021-2030 expansion plans and its numbers to date. Alvaro Manotas, president of Ashmore CAF-AM and Fabián Ibarburu, general manager of CAF-AM Uruguay, shared success stories from their respective countries.

Eight years have passed since CAF-AM's inception, with it having presented an innovative independent business model based on a strong corporate governance structure of its own and with experienced management in the region, which gives institutional investors the unique opportunity to benefit from CAF's presence and experience in Latin America, its impeccable credit history and its robust pipeline of projects.

Patricia Pella, former manager of the prior Control Department of the Comptroller General of the Republic of Peru, closed the round of presentations and commented that the emphasis on PPP infrastructure projects should not be infrastructure as materials but services, that is, how to facilitate and improve the quality of life of beneficiaries from reduced transportation times to jobs, studies or recreation. As such, she indicated "projects must be prioritized in accordance with the goals of each country, since these are realities in keeping with the needs to improve competitiveness, productivity and social development, so as to assess whether the PPP mechanism works for this type of scheme."



8 years have passed since CAF-AM's creation, with it having presented an innovative independent business model based on a strong corporate governance structure of its own and with experienced management in the region.

CAF-AM gives institutional investors the unique opportunity to benefit from CAF's presence and experience in Latin America, its impeccable credit history and its robust pipeline of projects.



“Energy Transition Challenges in Latin America and the Caribbean” Workshop.

Energy transition challenges in Latin America and the Caribbean

Worrisome global warming acceleration has impacted the creation and modification of public policies to promote sustainable investments, as well as the adaptation of energy for per capita emissions reduction. Under this premise, the workshop “Energy Transition Challenges in Latin America and the Caribbean” was held, part of the same CLXXV CAF Board of Directors meeting, along with some of its members and the institution’s senior management.

The workshop, moderated by Alicia Montalvo, manager of Climate Action and Positive Biodiversity at CAF, opened with the presentation of Tomás González from Colombia’s Regional Center for Energy Studies. González noted the significant challenges that Latin America has with respect to

reaching the carbon neutral goal by 2050, such as various countries’ need for transformation due to high heterogeneity of the fossil fuels they consume, with Trinidad and Tobago, Mexico, Argentina, Chile, Peru and Venezuela being the countries with lower non-fossil fuel consumption.

This excessive consumption is reflected in an exponential increase in diseases and respiratory problems, which will require actions that change the environmental landscape. Uruguay is one of the countries that has taken immediate actions, said Silvana Romero, president of the Regulatory Unit for Energy and Water Services (URSEA [Unidad Reguladora de Servicios de Energía y Agua]), who projects how from 2010 to 2021 the South American country began the transformation, implementing alternative wind and solar energy, becoming one of the world’s leading countries in the production of the former, together with Denmark, Ireland and Germany, with more than one-third of its energy coming from wind farms.

Worrisome global warming acceleration has impacted the creation and modification of public policies to promote sustainable investments, as well as the adaptation of energy for per capita emissions reduction.



“Global Methane Pledge” as part of the Summit of the Americas in Los Angeles.



Closing remarks, BiodiverCities Network.

CAF: the region's green bank

Along with the work to consolidate the social and economic reactivation bank, CAF is advancing with disbursements and support for initiatives to, in its capacity as a green bank, contribute to its member countries' climate and environmental goals.

Meeting the Sustainable Development Goals involves bold, innovative and flexible action to navigate an increasingly challenging macroeconomic environment.

In this line of action – supporting the fulfillment of environmental conservation, the preserving of natural

ecosystems and energy transition commitments – over the next five years CAF will mobilize \$25 billion to promote green growth in the region. This means that CAF's green portfolio will move from 24% in 2020 to 40% in 2026.

The bank's environmental proposal also includes the investment of \$1.25 billion to preserve the health of the oceans.

In this regard, we played a very active role in bringing the voice of Latin America and the Caribbean to the large global summits on climate change, biodiversity and oceans. At the Lisbon Ocean Summit, for example, we announced that over the next five years we will invest \$1.25 billion to preserve ocean health and to boost the blue economy. At Egypt's COP27 we joined the Global Alliance Against Drought and highlighted the region's climate leadership. And at Montreal's Biodiversity COP15 we unveiled the “Migratory Pathways of the Americas,” a National Audubon Society, BirdLife and CAF project that will preserve and restore more than 30 landscapes along bird migration pathways in the Americas.

CAF has the financial muscle to invite its partners to think big and to promote the transformations needed today, ensuring the sustainability of the future.

The institution is a bank of the region, for the region, which is built on the vision of its people. In a context of common goals, the actions needed to ensure compliance and meet local needs require a differential approach. In this way, during 2022, actions aimed at facilitating an approach which is in keeping with the context of each country were strengthened. One of them was the creation of the Red de BiodiverCiudades (BiodiverCities Network), which is contributing to the conservation of biodiversity as a party which is central to the planning, land management and socioeconomic development of cities in Latin America and the Caribbean. By the end of 2022, the initiative had been signed by more than 100 city mayors from across the region.

The bank's environmental proposal contemplates the investment of \$1.25 billion to preserve the health of the oceans.

Spain celebrated 20 years in CAF with a renewed sustainability and climate change agenda

Spain celebrated 20 years as a CAF shareholder, with an agenda focused on supporting the internationalization of Spanish companies, channeling new financial resources into the region and increasing cooperation in various areas of Latin American development, such as energy transition, sustainability, digitalization and the fight against climate change.

Since Spain became a CAF shareholder in 2002, Spanish companies were awarded \$6.2 billion in CAF-funded projects, as well as UDS \$38 million in technical cooperation projects; resources have been mobilized through co-financing and loans for around \$700 million with various Spanish financial institutions; financing of more than \$1.2 billion has been obtained from Spanish official entities and commercial banking.

As part of the celebrations, CAF organized the “Relationships Europe – Latin America” Conference in Madrid, a meeting space to reflect on the status of the transatlantic relationship, which this year will focus on highlighting the importance and great potential of the relationship between the two regions today, in order to identify the primary opportunities and challenges that arise.

CAF has developed projects that have contributed to regional integration; to the implementation of the Clean Development Mechanism; to the granting of a credit (2013) for \$300 million dollars in favor of the Official Credit Institute (ICO [Instituto de Crédito Oficial]) to address the issue of scarce liquidity the Spanish financial sector; or to the equity investment for \$1.6 million dollars in the Spanish Development Financing Company (Cofides [Compañía Española de Financiación al Desarrollo]), among others.



The “Europe-Latin America Relationships” Conference, Madrid, May 2022.

Spain’s 20th anniversary at CAF coincides with the institution’s new commitment to become the green bank of Latin America and the Caribbean. In the next 5 years, it will fund \$25 billion to promote green development.

It has also created platforms and dialogue spaces to promote exchanges between Spain and Latin America and the Caribbean and to promote existing opportunities in the region. One of them is “Future America,” launched in 2022, the first journalistic portal focused exclusively on sustainability in our region, led by the El País newspaper and CAF. This initiative visualizes global solutions originated in the region, as well as Latin American faces, ideas, achievements and projects with great potential to contribute to social and environmental sustainability.

The relationship between CAF and Spain will be strengthened during 2023 with the joint organization, coinciding with the Spanish presidency of the Council of the European Union (EU) of the first meeting between the 60 Economy and Finance ministers of both continents, which will contribute to the aligning of interests, the synchronizing of development agendas, the strengthening of geopolitical ties and the strengthening of commercial relationships between Europe, Latin America and the Caribbean. The event will be held within the framework of the meetings of the Euro group and the European Union’s Economic and Financial Affairs Council (ECOFIN) informal meetings to be held in Santiago de Compostela (Galicia), and will address three key themes: green transition, digital transformation and human development.



The relationship between CAF and Spain will be strengthened with the co-organization of the first meeting between the Ministers of Economy and Finance of Latin America and Europe.



Meeting between the presidents of Spain, Pedro Sánchez, and CAF, Sergio Diaz-Granados, for the 20th anniversary of Spain as a shareholder of the bank.

Global positioning

The work carried out throughout 2022 confirmed that the path for the region, its countries and its citizens to emerge strengthened from the multiple crises facing the planet is collective, determined and effective action in furtherance of sustainability, human well-being and caring for the environment.

Under that conviction, CAF has strengthened its role as a spokes-organization for Latin America and the Caribbean in the global context and in the various spaces for dialogue and agreement, beyond regional borders.

In this way, the voice of the region was audible for strategic allies such as the United States, Europe, China and Middle Eastern countries. These actions have been contributing to Latin America and the Caribbean becoming more and better integrated into global decision forums.

During 2022, under the leadership of Executive President Sergio Díaz-Granados, CAF participated in the IX Summit of the Americas and, in conjunction with the Inter-American Dialogue, the Mayors Summit in Los Angeles. These forums made it possible to strengthen institutional relations with local governments in the region.

The institution also hosted the Portugal - Latin America and Caribbean Conference, the CAF Conference in Europe: Latin America/Europe Relations, and participated in the XV China/LAC Business Summit.

The Mercosur, Pacific Alliance and CELAC summits also welcomed the institution, facilitating the strengthening of ongoing actions and initiatives.

Global forums for agreement such as COP27, the Oceans Conference, the World Urban Forum and the UNESCO World Conference on Cultural Policies and Sustainable Development (MondiaCult), also welcomed CAF as a speaker regarding the region's enormous potential in the world.

As part of our objective to encourage regional integration, we held a seminar on regional integration with CELAC in Buenos Aires with the presence of some Latin-American presidents and former representatives. In addition, we participated in the meeting of the 33 CELAC Chancellors during which the commitment to the unit and integration of the region was consolidated, with the dialogue on institutional strengthening and with the alignment of the region's foreign relations strategies.

Global forums for agreement such as COP27, the Ocean Conference or Biodiversity COP15 also welcomed CAF as a speaker regarding the region's enormous potential in the world.



Mercosur Summit.



COP27 in Sharm El-Sheikh, Egypt.

Many Voices, One Region

As part of the United Nations General Assembly in New York, the Many Voices, One Region event was held. This forum took place on the occasion of the first 10 years of CAF's admission into the United Nations as a permanent observer.

Latin America and the Caribbean – the cradle of the Sustainable Development Goals – the active conversation on the best ways to ensure compliance with the 2030 Agenda became more profound during the course of the event.

Many voices, One Region included the holding of nine open events, a high-level meeting, and numerous bilateral meetings and gatherings which facilitated links with CAF allies.

The agenda of activities included a meeting of the CELAC-ACS-CAF Chancellors, and a conversation between Latin American leaders, as well as a dialogue between the latter who have been awarded the Nobel Peace Prize.

This forum also led to conversations about the future of the Sustainable Development Goals in today's international context, and about the future of education, coffee farming and food security. Additionally, CAF exchanged various ideas and lines of action on digital transformation and investments in sports as an engine for inclusion with key players in the region.

The agenda of activities was supported by 17 institutional allies from various sectors, in addition to 18 academic allies from the United States and Latin America and the Caribbean.

The events were attended by 58 speakers who discussed challenges and solution design in the context of Latin America and the Caribbean moving towards the achievement of the 2030 Agenda's sustainable development goals and objectives.

Additionally, the Executive President of CAF signed 6 memoranda of understanding with counterparts from various areas that will facilitate the strengthening of alliances for the region's development.

CAF exchanged various ideas and lines of action on digital transformation and investments in sport as an engine for inclusion with key players in the region.



CAF's event "Many Voices, One Region", within the framework of the United Nations General Assembly, in New York.



Jeffrey Sachs at the Many Voices, One Region event.



Alliances and external engagement

During 2022, CAF signed various instruments that will strengthen the work of the institution and its partners to deepen the ongoing actions and lead to even more ambitious work. These include:

- MOU CAF - UN WOMEN.
- MOU CAF - OTCA.
- MOU CAF - OEA.
- MOU CAF - PMA.
- MOU CAF - MERCOSUR.
- MOU CAF - CIM.
- CAF ALLIANCE - CONMEBOL.
- CAF ALLIANCE - CELAC.
- Memorandum of Understanding between CAF and the Association of Caribbean States (ACS).
- Memorandum of Understanding between CAF and the Inter-American Institute for Cooperation on Agriculture (IICA).
- Memorandum of Understanding between CAF and Mastercard International Inc.
- Memorandum of Understanding between Georgetown University and CAF.
- Memorandum of Understanding between UNITAR [The United Nations Institute for Training and Research] and CAF.
- Memorandum of Understanding between UNDP [United Nations Development Programme] and CAF.
- Unesco Resolution on Ethics and Artificial Intelligence.

In 2022, an agreement was signed with the South American Football Confederation (Conmebol [Confederación Sudamericana de Fútbol]) to promote gender equity and the empowerment of women and girls in the region and to promote and position soccer as a means for social inclusion, through spaces for comprehensive training and capacity-building. To begin making this objective a reality, CAF supported the activities related to women's football in the Conmebol Development League categories Under-14 and Under-16 age groups, as well as other initiatives in keeping with the purpose of the agreement.





Regional presentation of the 2021 Economic and Development Report (RED).



First meeting of CAF officials in Caracas, October 2022.



A strengthened bank

The bank's strengthening is also internal. In 2022, for the first time in our 55-year history, we brought together all CAF officials in person at the headquarters, located in Caracas. The meeting discussed the results of intersectoral working groups, shared best practices in countries that are susceptible to replication in the others and the strengthening of the organizational culture, to provide improved service to all Latin American and Caribbean people at a time when the contribution of CAF and the other international financial institutions is most needed. The meeting is also framed by the measures that we are taking to contribute to a positive internal organizational climate which continues to position us as one of the benchmark regional development institutions.

The production of knowledge, during this period, also contributed to strengthening the institution. CAF published 112 studies that generated lines of analysis to promote the construction of fairer and more sustainable societies. Among them is RED 2022, "Inherited Inequalities," which ensures that, although many people in the region

today outperform their parents at educational levels, progress is not made equally in terms of employment or income. In addition, we presented RED 2021 on regional integration in more than ten countries, a work that contributed to advancing commercial, logistics, economic and financial integration projects in Latin America and the Caribbean.

In 2022, CAF created the Directorate of Institutional Development and Training. The design of learning solutions focused on educating on the critical development issues and on solving public problems in our region. Twenty-four closed courses were given at the request of Latin American public institutions, four virtual diplomas and 52 MOOCs [Massive Open Online Courses] for more than 30,000 development agents to update their practical knowledge. In particular, the launch of the "Diploma in Public Governance and Innovation" was highlighted, which was provided in a hybridized and simultaneous manner in 19 countries and in three languages, together with 16 universities in which 1,749 students participated.

CAF published 112 studies that contributed to generating lines of analysis that promote the construction of fairer and more sustainable societies.

CAF Strategic Planning Process 2022-2026

Thanks to the vote of confidence by our shareholder countries with the capitalization approved on the Board of Directors of March 8, we assume great responsibility for continuing to move forward on the path to transform CAF into the leading multilateral development bank in Latin America and the Caribbean, advancing an ambitious long-term strategy.

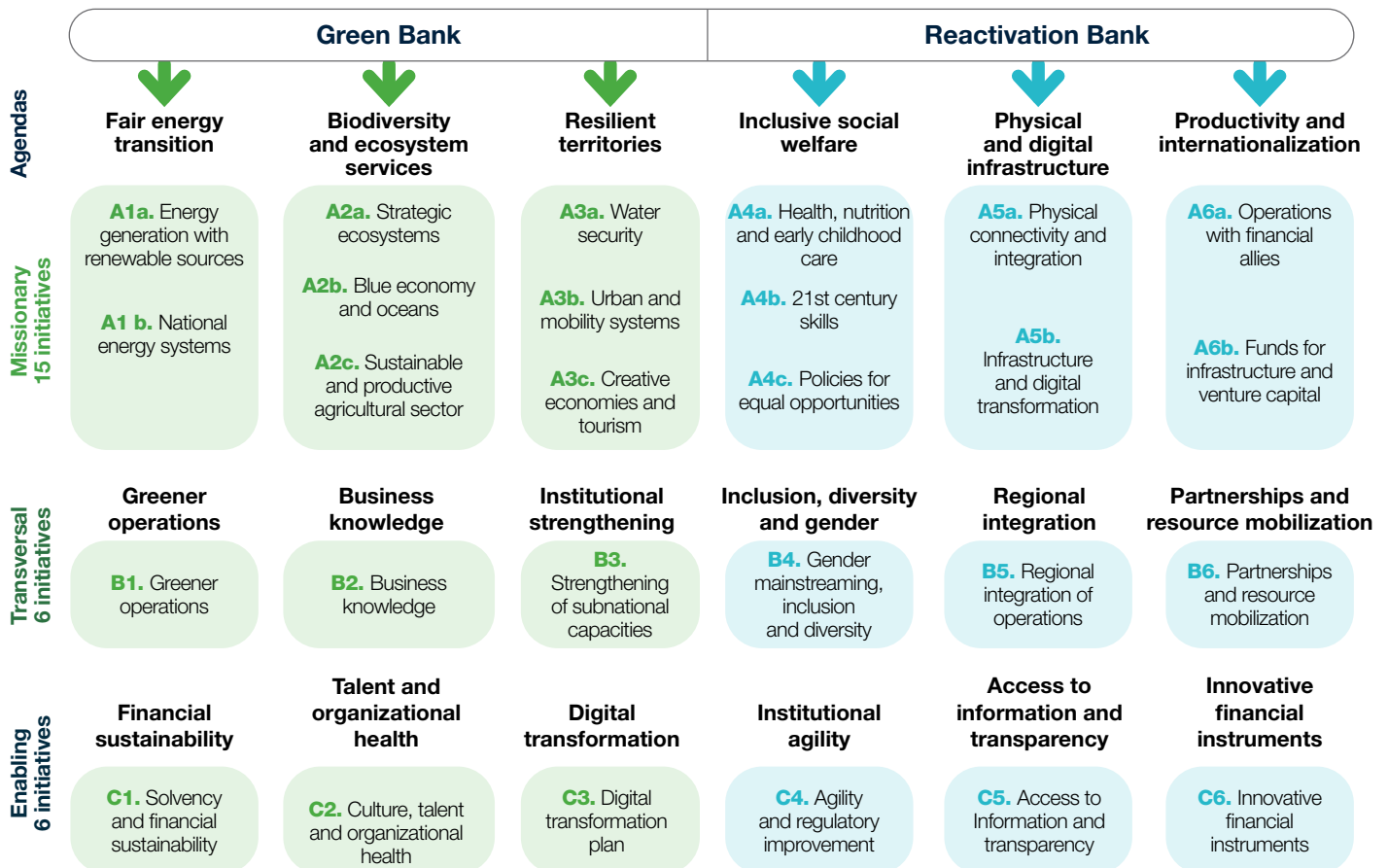
The strategic proposal for capitalization arose from an internal reflection on the fields where CAF can have the most impact on the region’s sustainable development over the medium term. Five CAF action agendas were discussed during the March board of directors meeting: Green financing and biodiversity; Regional integration; Support for government and subnational entities; Alliances with national development banks; and Promoting the non-sovereign sector. This proposal was accompanied by the bank’s \$7 billion equity strengthening, the largest in its history.

Subsequently, with the aim of materializing these impressive goals in the form of concrete and measurable agendas and initiatives, we undertook a multi-month strategic exercise, involving experts from all business areas, who summarized the strategy into a great vision: to become the green

bank and the reactivation bank for Latin America and the Caribbean. In turn, this vision translates into thematic agendas, which are comprised of 27 specific initiatives, with measurable goals, bi-weekly action plans and cross-functional work groups (see Table 1). This strategy, which includes actions in all countries and internally within the bank, was shared and discussed during the board of directors meeting carried out in Montevideo in December 2022.

The Strategic Plan is structured based upon three types of agendas and initiatives which can be noted in Table 1.

This plan lays out a path to carry out each of our goals, and summarizes the direct and indirect work of all of our contributors, since the development of the strategy is the result of the participation of the various teams, and its execution involves the entire institution, because the only way to achieve this ambitious vision is for us all to go in the same direction, looking towards the long term, to position CAF with respect to the region’s most important agendas: the green agenda and the economic and social reactivation agenda.



A vision of the future

Throughout 2022, Latin America and the Caribbean were particularly strongly impacted by the consequences of the crisis. The region is also specially vulnerable to the consequences of climate change. For this reason, compliance with the Sustainable Development Agenda becomes relevant for the region.

Peace, diplomacy, international cooperation and synchrony of agendas at the international level are indispensable conditions for advancing towards the fulfillment of the stated objectives.

The work in furtherance of effective multilateral governance, capable of building consensus and promoting effective action, strengthened throughout 2022 and will grow stronger in the years ahead.

Sustainable management of natural resources and the transition to renewable energy in a manner which does not affect productivity and which fosters growth will continue to be the guiding themes for CAF action.

2022 was a transitional year with respect to the institution's history. Resounding equity reinforcement, supported by the bank's financial strength, the commitment of governments and flexible, modern dialogue-based institutional management, were key to this work.

CAF has managed to create linkages with the interior of the countries and to promote the establishing of common agendas, overcoming the differences or consequences of the crisis.



Launch of the Laudato Si, school developed by Scholas Occurrentes together with CAF, with the presence of Pope Francis, CAF Executive President Sergio Diaz-Granados and representatives of both institutions.

The essence of the institutional work of the Latin American and Caribbean development bank has materialized through timely disbursements in the areas prioritized by the countries, demonstrating progress to the world. Successful progress is also the result of the work of a group of officials committed to the region's progress in each of its actions.

The future is not a destination port, but the fruit of the actions and decisions made today. This will continue to be CAF's compass during this year and the years to come.

Sustainable management of natural resources, the transition to renewable energy without affecting productivity and advancing the growth and management of natural resources, will continue to be the themes that guide CAF's action.



Operations and contributions to development

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CAF has benefited 149,280 users with the roads built, improved or rehabilitated.





Contributions to Development

During 2022, contribution indicators concerning the development of investment programs and projects approved throughout the year were recorded, as well as the development contribution indicators evidenced in the use of the funds from financial credit line operations. The indicators reflect the internal consensus on the institution's priorities, as well as international best practices regarding the support from multilateral development entities.

The main expected contributions to development are described below¹:

Approval of infrastructure and digitalization programs and projects that will benefit:

- **108,730 travelers** in new or improved sustainable modes of transport.
- **149,280 additional users** of the constructed, improved or rehabilitated roads.
- **170,000 people** with a new or better energy infrastructure.

Approved urban development, water, sanitation and irrigation projects will contribute to improving the basic urban infrastructure in several cities in the region. These projects are expected to:

- Build and improve five wastewater treatment plants and three potable water treatment plants.
- Build **21,451 new sewage connections, 741 km of sewage networks, 328 km of drinking water pipelines and 16,455 new potable water connections** that will benefit **2,246,595 people**.
- Build and rehabilitate **287 km of urban roads** and improve **2,173,023 m² of urban surfaces**.
- Benefitting **331,127 people** through built or rehabilitated control infrastructure for watercourses or water bodies.

¹ The indicators refer to the expected results and beneficiaries of the operations approved throughout 2022, with the exception of productivity and competitiveness and financial development indicators, which are results achieved from the disbursements made to financial intermediaries throughout the year.

Resources were approved for **educational transformation projects** that will contribute to the construction and rehabilitation of **25,280 m² of educational infrastructure**, benefitting **22,535 students**.

During 2022, disbursements to clients in the financial sector benefited:

- **9,105 companies** from CAF operations through intermediaries for working capital, foreign trade, and investment projects.
- **17,251 SMEs** to profit from transactions through intermediaries.
- **50,211 micro-entrepreneurs** with a micro-credit.

Projects were approved with **environmental sustainability components** that will benefit **161,127 people** through interventions to prepare for climate change and **32,521 people** with better management and sustainable use of the environment. 30.7% of the total amount of transactions authorized in 2022 correspond to green financing.



Infrastructure

- **345.7 km** of roads built, improved and/or rehabilitated.
- **149,280** additional **users** of roads built, improved or rehabilitated.
- **108,730 travelers** in new or improved sustainable modes of transport.
- **286.7 km** of urban roads built, improved and/or rehabilitated.

Productivity and competitiveness

- **9,105 companies** benefited from CAF operations through intermediaries for working capital, foreign trade and investment projects.
- **17,251 SMEs** benefited from CAF operations through intermediaries.

Environment

- **30.7%** of the amount of green financing funds as a percentage of the total of approvals.
- **161,127 people** benefited from adaptation to climate change.
- **32,521 people benefited** from better management and sustainable use of the environment.
- **342,811 annual tons** of carbon emissions reduction with support from CAF interventions..

Gender inclusion²

- **872,640 women** directly benefited by CAF interventions.

² The gender indicators are not thorough since the beneficiaries have not been separated by gender in all interventions.

Urban development

- **2,173,023 m²** of improved urban area.
- **1,097,386 people** living in neighborhoods benefited by improvements in their habitat environment.
- **2,000 people** benefitted from housing solutions.
- **500 built or upgraded homes.**

Financial inclusion

- **50,211 microentrepreneurs** benefited from a micro credit.

Aerial view of Lima, Peru.



Infrastructure and digitalization

- **170,000 people** from a new or improved energy infrastructure.
- **199.9 MW** of installed generation capacity to the national electrical system.

Water and sanitation

- **327.7 km** of installed drinking water pipes.
- **16,455 new** potable water **connections**.
- **741.35 km** of built or improved sewer networks.
- **21,451** new sewer **connections**.
- **2,246,595 persons** benefiting from a new or improved potable water and/or sewer connection.
- **5** built or improved wastewater treatment **plants**.
- **3** built or improved potable water treatment **plants**.
- **173,379 people** benefiting from sanitation solutions.
- **331,127 people** benefiting from control infrastructure for courses or bodies of water built or rehabilitated.
- **12 control infrastructure** for courses or bodies of water built or rehabilitated.

Education

- **25,280 m²** of educational infrastructure built or rehabilitated.
- **22,535 students** benefited from education projects.

Energy and logistics

- **1** Latin American physical integration **project** and integration logistics corridors supported by CAF.

State modernization and transparency

- **2 operations** with institutional strengthening components for executing agencies.





Addition of new full members

In 2022, CAF continued its geographic expansion process. Several countries in the region moved forward with their CAF incorporation and with the conversion processes from “C” series shareholders to become member countries. At the same time, the first approaches were made with other countries interested in aligning with the institution.

The case of the Republic of El Salvador, a country that on July 5, 2022 completed all the necessary steps to join CAF directly as a member country, represented a historical milestone, since it was the first country to join the institution without having previously been a “C” series shareholder. It should be noted that only 246 days have elapsed since the communication was sent by the minister of the Treasury, Alejandro Zelaya, in which he expressed the willingness of the country to join CAF as a member country.

It also highlights the case of Chile, a founding country of CAF that in 1977 withdrew as a shareholder of the institution in 1977 and re-engaged in 1992 as a “C” series shareholder. On May 25, 2022, the Minister of Finance, Mario Marcel Cullell, expressed the Government of the Republic of Chile’s willingness to deepen the cooperation relationships with CAF through its conversion to a Member Country. Throughout the year, Chile progressed through the various steps necessary to complete its conversion process, until on December 7, 2022 it submitted the corresponding instrument of adherence with the CAF Articles of Agreement to the Venezuelan Foreign Ministry. The country is expected to fully complete the process before the Board of Directors meeting which is scheduled for March 7, 2023 in Santiago de Chile.

Subsequent to the corresponding legislative approval in May 2022, the Dominican Republic notified CAF in June of the entry into force of the Incorporation Agreement as a member country. It is expected that, in the coming months, Congress will ratify adherence to the CAF Articles of Agreement, a step necessary in order for it to complete its conversion process to become a member country.

Since December, CAF has maintained temporary offices in San Salvador, in Santiago de Chile and in Santo Domingo, which allows the institution to have a permanent presence in all three countries and to respond in a timely manner to the respective needs for accompaniment.

For its part, after having joined CAF in 2002 as a “C” series shareholder, Costa Rica signed a new version of the Incorporation Agreement to become a member country in July 2022. Throughout the year, initiatives aimed at accompanying national development plans were furthered continuously.

On the other hand, on April 26, 2022, the Chancellor of the Republic of Honduras, Enrique Reina, sent a communication to CAF expressing the willingness of the country to join directly as a member country. In July, the corresponding capital agreements were signed, and in November, the immunities and privileges agreement was signed, pending the corresponding legislative approval.

Finally, multiple meetings were held with the authorities of other Latin American and Caribbean countries, where the interest and enthusiasm that CAF’s renewed agenda generates in the region were confirmed.

Since December, CAF has maintained temporary offices in San Salvador, in Santiago de Chile and in Santo Domingo, which allows the institution to have a permanent presence in all three countries and to provide service to them in a timely manner.

Membership extension

Transition to a continental bank

2022

Series C shareholders

- Barbados
- Spain
- Jamaica
- Portugal

Member countries

- Argentina
- Bolivia
- Brazil
- Colombia
- Ecuador
- El Salvador
- Panama
- Paraguay
- Peru
- Trinidad and Tobago
- Uruguay
- Venezuela

Countries in the process of becoming CAF members

- Chile
- Costa Rica
- Honduras
- Mexico
- Dominican Republic



Approvals

Following a pronounced economic uptick in 2021, growth in Latin American and Caribbean countries slowed in 2022. This is due to an increasingly adverse global backdrop, pullbacks in fiscal and monetary stimuli and low potential growth. Inflationary pressures continue to rise and most central banks in the region have increased policy rates. Additionally, the social challenges of the pandemic persist, with poverty expected to increase during 2022. While there was a decline in total poverty levels between 2020 and 2021, they are projected to increase in 2022 due to rising inflation, especially in food prices. In this context, CAF offered agile responses to support the economic reactivation of the countries of the region and to promote climate financing initiatives, which contributed to making the institution the green bank and the reactivation of Latin America and the Caribbean.

In this context, the demand for financing from the CAF shareholder countries was largely oriented towards budgetary support operations that served to mitigate the temporary macroeconomic challenges faced by some of the countries. However, an important portion of the financing was granted to long-term investment programs and projects that contribute to the achievement of the country's development objectives.

Throughout 2022, CAF approved 305 transactions (145 credit transactions and 160 technical cooperation) for a total of \$14.1 billion, 6.9% above what was approved in 2021 (see Graph 1). Of these, \$2 billion were used to finance investment programs and projects aligned with the long-term development strategies of the countries of the region. The approved operations were located in the sector of productive infrastructure, mainly energy, transport and telecommunications (\$1.7 billion), as well as in the sectors linked to sustainable development in the region, such as water and sanitation, education, health and urban development (\$2.2 billion), which reflects CAF's interest in supporting the most vulnerable sectors of the countries.

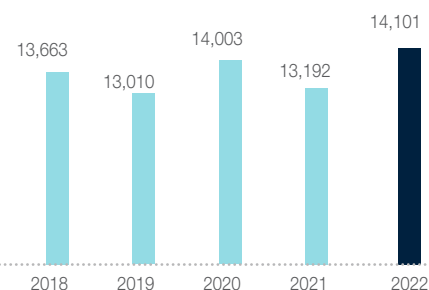
Within the framework of CAF's energy transition support strategy, worth noting is the approval of a \$300 million loan to Pan American Energy, Argentina Branch (PAE) to fund green projects, provide greater funds and liquidity to the firm's supplier chain and to contribute to Argentine energy security with an emphasis on gas as a transition fuel; and a line of credit to Gas Natural de Lima y Callao S.A. (Cálidda) for \$150 million for the partial financing of the investment plan that mainly includes the expansion and maintenance works of the pipeline network of the residential consumer gas system of Lima and Callao in Peru.

On the other hand, the institution's support for territorial development with the approval of the Colombian Prosperity Program stands out, as an opportunity for the financing of operations in favor of territorial entities, its decentralized entities and public service providers, with national guarantee, for \$1.2 billion to be implemented over five years.

Throughout 2022, CAF's commitment to driving the Sustainable Development Goals (SDGs) was reflected in approved operations that contributed directly and indirectly to the fulfillment of up to 16 SDGs.

Chart 1 Total approvals (in \$ million)

In 2022, CAF approved 305 operations for a total of \$14.1 billion, 6.9% above what was approved in 2021.



On the other hand, in the productive and financial sector, \$6.7 billion were approved in lines of credit lines for companies and banks, both public and private, as well as corporate and A/B loans, partial credit guarantees, equity investments and participations in investment funds. It is important to note that throughout the year CAF's performance in the financial sector of the region was redirected from mainly supporting commercial banks with short-term operations to providing financial funding to local development banks with longer terms to grant resources directly to Latin American SMEs to help them cover their greatest priority needs and contribute to the economic re-activation of the countries.

Table 1 Approvals by product 2022 (in \$ million)

Sovereign risk	7,841
Loans	5,591
Programs and investment projects	2,013
Programmatic (PBLs) and SWAps	3,578
Contingent lines of credit	1,750
Financial lines of credit	500
Non-sovereign risk	5,869
A/B loans	300
Tranche A	30
Tranche B	270
Lines of credit	5,458
Corporate	150
Financial	5,308
Partial credit guarantees	50
Shareholder equity and investment funds	61
Quasi-sovereign risk	362
Loans	12
Investment programs and projects	12
Corporate loans	50
Credit lines	300
Corporate	300
Development cooperation funds	28
Total approvals	14,101

Throughout 2022, CAF's commitment to driving the Sustainable Development Goals (SDGs) was reflected in approved operations that contributed directly and indirectly to the fulfillment of up to 16 SDGs. 81% of operations contributed to the fulfillment of objectives related to Goal 17: Revitalizing the Global Alliance for Sustainable Development, 54% contributed to Promoting inclusive and sustainable economic growth, employment and decent work for all (Goal 8), 39% to Building resilient infrastructure, promoting sustainable industrialization and fostering innovation (Goal 9), being among the most relevant³.

³ Most operations contribute to more than one SDG, such that the sum of the percentages is greater than 100%.

Chart 2 Approvals by SDG (number of operations)*



With regard to the mobilization of third-party resources, at the end of 2022, it was possible to attract \$702 million to the region, through A/B loans, co-funding and technical cooperation funds, a total which demonstrates a substantial increase over the amount mobilized in 2021. As for the effective mobilization of additional resources to expand the pool of funds available to leverage private sector projects, in 2022 the granting of an A/B loan for \$300 million to Pan American Energy (PAE) consisting of a Tranche “A” of \$30 million contributed by CAF and a Tranche “B” of \$270 million is highlighted. The operation aims to support a portion of PAE’s investment plan for the next few years in Argentina, which emphasizes interventions to support the mitigation of climate change, contribute to Argentina’s energy security and strengthen the productive fabric of SMEs which comprise the PAE value chain.

Finally, portfolio sales were made during the year for \$37.5 million, allowing margins to be generated for new operations that would contribute to address funding needs for the development of countries in the region.

Table 2 Mobilization of Third-Party Resources 2022 (in \$ million)

Non-sovereign co-financing	368
Tranche B	270
Technical cooperation	63
Total mobilization of third-party resources	702
Portfolio sales	38

Map 1. Main approvals 2022

- 
- 1 ARGENTINA:** Program of Basic and Primary Works and Secondary Networks for the Buenos Aires Metropolitan Area for \$340 million.
- 2 BARBADOS:** Sector-Wide Approach Program for the Support of Ground Transport for \$25 million.
- 3 BOLIVIA:** Construction of the Escoma-Charazani road: Tranche I Escoma-Pacobamba for \$54 million.
- 4 BRAZIL:** Itapipoca Infrastructure, Economic Development and Social Environmental Program (PRODESA [Programa de Infraestructura, Desarrollo Económico y Socioambiental]) for \$50 million.
- 5 CHILE:** Banco del Estado of Chile credit line for \$100 million.
- 6 COLOMBIA:** Climate Change and Biodiversity Sectoral Support Program for \$300 million.
- 7 COSTA RICA:** Line of Credit to the Costa Rican Electricity Institute (ICE) for \$100 million.
- 8 ECUADOR:** Support Program for the Reconstruction of Manabí and Esmeraldas for \$100 million.
- 9 MEXICO:** Federal Electricity Commission (CFE [Comisión Federal de Electricidad]) credit line for \$200 million.
- 10 PANAMA:** National Climate Change Policy Support Program for \$320 million.
- 11 PARAGUAY:** Project for the construction of the sanitary sewage system, wastewater treatment plant and improvement of the potable water system of the Mariano Roque Alonso basin for \$160 million.
- 12 PERÚ:** Contingent loan within the framework of post-COVID-19 sustainable reactivation for \$500 million.
- 13 DOMINICAN REPUBLIC:** Banco BHD line of credit for \$20 million.
- 14 TRINIDAD AND TOBAGO:** Sector-Wide Approach Program to Support the Implementation of the Digital Transformation and Inclusion Strategy for \$120 million.
- 15 EL SALVADOR:** Sector Free Availability Program for Climate Change-Resilient Transport Infrastructure for \$75 million.

CAF's special cooperation funds for development and other mechanisms

Within the current context of Latin America and the Caribbean, the post-pandemic has resulted in new challenges to development, with new roles for governments, the private sector and civil society. Aware of these challenges, during 2022, CAF supported its shareholder countries through innovative technical cooperation programs and projects, with a view to contributing to the deepening of sustainable development, greener operations, inclusion, gender diversity and equity, regional integration and digital transformation, alliance and resource mobilization, evidence-based management and contributions to the development and strengthening of capabilities. Towards these goals, non-refundable technical cooperation resources totaling \$28 million were approved, distributed across 160 water and sanitation operations (12%), environment and climate change (15%), economic re-activation (23%), institutional strengthening (23%), urban development, biodiversity, sub-national territories (7%), integration (6%), social development, health, education and employment (7%), among other topics, including mitigation of impacts caused by natural disasters.

The work carried out throughout 2022 reaffirms CAF's interest in contributing to the development of the region, generating added value to the countries, and complementing the financial action of the institution and its contribution to regional development and integration.

Resources from the Technical Cooperation Fund (Fondo de Cooperación Técnica, FCT), including those intended for the CAF's Pre-Investment Programs, funded 94.4% of the year's total approvals, while the remaining 5.6% was funded with resources from the Human Development Fund (Fondo para el Desarrollo Humano, Fondeshu).

Table 3 Special funds - Approvals by fund 2022 (number of operations and amounts in \$ million)

Special fund	No. operations	Amount approved
FCT	150	26.29
Fondeshu	10	1.60
Total	160	28.28

The work carried out throughout 2022 reaffirms CAF's interest in contributing to the development of the region, generating added value to the countries, and complementing the financial action of the institution and its contribution to regional development and integration.

The approvals were focused on addressing the shareholder countries' priorities and needs, as well as initiatives aimed at strengthening regional action through multinational projects and programs. Multinational initiatives include programs and projects such as: Reducing vulnerability and increasing environmental and economic resilience; Implementation of innovative climate-smart solutions and transformative technologies for green development in LAC; Incorporation of technology into education systems; Work plan diagnosis and design, inclusion and educational quality; Perceptual analysis of the effectiveness of post-pandemic policies in three countries; Regional SDG information and environmental indicators from the First Regional State of the Environment Report for Latin America and the Caribbean in support of the Region's Environment Ministers Forum; New initiative to protect bird migration flows in LAC; Opportunities for greener infrastructure; Strengthening the carbon credit market in Latin America and the Caribbean; Alliance for strengthening state capabilities in Latin America; Strengthening the Marine Corridor of the Eastern Tropical Pacific (CMAR), and others listed below: Ibero-American Program for the strengthening of the Digital Transformation of Public Educational Administrations; Training for the visibility of the power of culture, gender, inclusion and diversity in Colombia, Brazil and Argentina; CAF-UNESCO Alliance for the constitution of a Council for the governance of inclusive and ethical artificial intelligence (AI) in Latin America and the Caribbean and the development of capacities in the governments of the region; Degree program in Governance and Public Innovation for Latin America and the Caribbean.

Within the scope of the Preinvestment Programs, operations approved in 2022 amounted to \$4.68 million, of which \$2.19 million correspond to three relating to the Regional Infrastructure Pre-investment Program (CAF-PPI) and \$2.49 million correspond to nine operations of the Preinvestment Program for the Water Sector (CAF-PPSA), according to the following detail:

Infrastructure

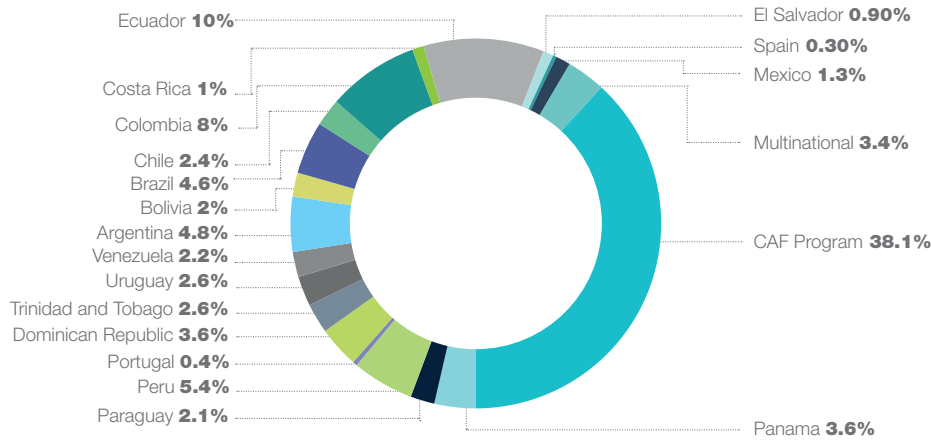
- **CAF-PPI Brazil (\$285,000):** Support for the São Gonçalo Canal Concession and border development around the Merin Lagoon.
- **Multinational CAF-PPI (\$950,000):** International Bridge on the Uruguay River, Monte Caseros (Argentina) - Bella Unión (Uruguay).
- **CAF-PPI Colombia (\$950,000):** Implementation of Modal Integration Complexes (MICs) in Bogotá.

Water sector

- **CAF-PPSA Ecuador (\$750 million):** Final design studies of the Emisario La Viña and wastewater Treatment Plant for the Cumbayá and Tumbaco parishes in Quito.
- **CAF-PPSA Dominican Republic (\$800 million):** Design Studies for the Canal Alto Mao project.
- **CAF PPSA Ecuador (\$954 million):** Water, sewer and drainage designs for Ciudad de Dios, and sewer, drainage and wastewater treatment for Mount Sinai 1 and 2 and Realidad de Dios, in Guayaquil.

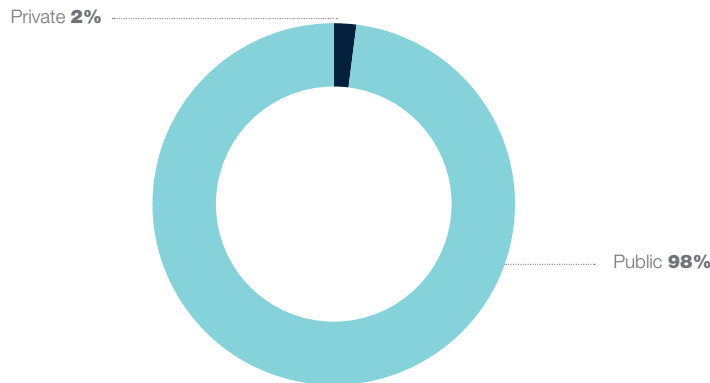
Both programs seek to open the doors to the future investment and execution phase of loans capable of improving and increasing the region's integration infrastructure, as well as strengthening the CAF's agenda for the Water Sector through the funding of quality studies and related support tasks during the pre-investment stage.

Chart 3 Special funds - Approvals by country 2022 (as %)



CAF serves its public and private sector customers in the shareholder countries by providing financial support through technical assistance. The 2022 approvals by institutional sector were represented by 98% (\$27.65 million) for the public sector, while 2% funded private sector operations (\$0.63 million).

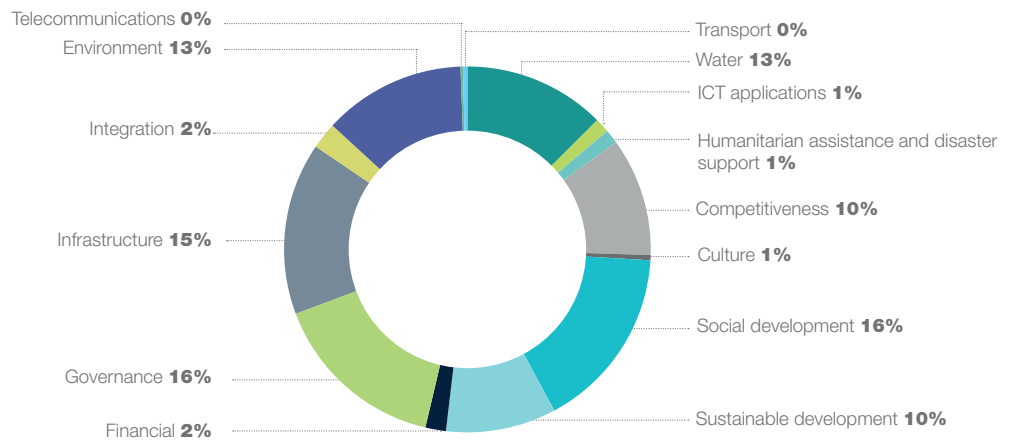
Chart 4 Special funds - Approvals by institutional sector 2022 (as %)



During 2022, seven CAF economic sectors represented a concentration of 92% of the approvals: social development, governance, infrastructure, environment, water, competitiveness and sustainable development. In social development, operations associated with improvement in health, education and inclusion and gender stand out. Within governance, projects to support the transition of new governments and institutional strengthening programs are notable. For infrastructure there are the projects corresponding to the PPI programs. Regarding the environment, the projects for the protection of natural resources such as fauna and flora, while in the Water Sector the projects of the PPSA programs were highlighted.

Approvals were focused on addressing the shareholder countries' priorities and needs, as well as initiatives aimed at strengthening regional action through multinational projects and programs.

Chart 5 Special funds - Approvals by economic sector 2022 (as %)



In 2022, the approval of CAF resources within the framework of the Sustainable Development Goals, projects in industry objectives stand out, infrastructure innovation at 16.7%, clean water and sanitation at 12.5%, alliances for achieving objectives at 13.6% and sustainable cities and communities at 11%.

Chart 6 Special funds - Approvals by SDG 2022 (as %)

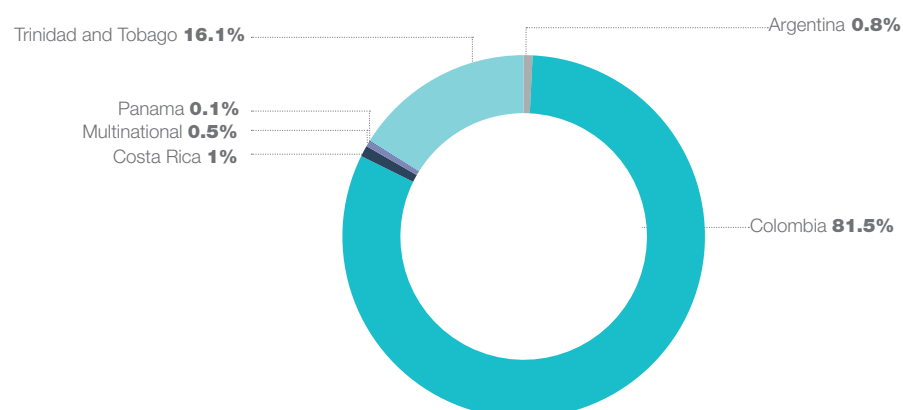


Third-party cooperation resources for development

In order to complement financial resources and generate a greater impact on the sustainable development of its member countries, CAF manages and executes third party resources.

During 2022, ten operations were approved for a total amount of \$63.3 million, which are mainly concentrated in Colombia (81.5%), Trinidad and Tobago (16.1%), Argentina, Panama, Costa Rica and Multinational (2.4%).

Chart 7 Third-party resources - Approvals by country 2022 (as %)

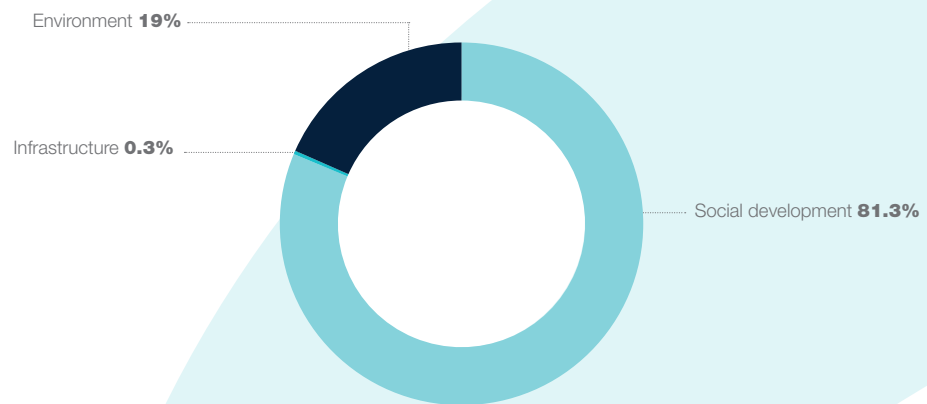


The most relevant facts that deserve to be underscored in 2022 include the following:

- Project “CSICAP [Iniciativas Climáticamente Inteligentes para la Adaptación al Cambio Climático y la Sostenibilidad en Sistemas Productivos Agropecuarios] - Climate-Smart Initiatives for Adaptation to Climate Change and Sustainability in Agricultural Productive Systems”** to be executed in Colombia, whose resources will fund activities that contribute to reducing the vulnerability of agricultural production threatened by climate change, to mitigate its negative impacts on the competitiveness of the agricultural sector, while seeking to reduce greenhouse gas emissions. This project is funded by the Green Climate Fund (GCF) and seeks to fund the following activities: i) digital agricultural systems and climate services; ii) technologies for genetic improvement and crop management; and iii) strengthening the capabilities of producers, technicians and institutions for the adoption and implementation of new technologies and business models based on environmental, social and gender considerations.
- “Multisector measures to adapt to climate change in the Oropouche South River basin to alleviate flooding”**, is financed by the Adaptation Fund (AF) and aimed at carrying out activities to increase the resilience of the population and ecosystems of the Oropouche South River basin in Trinidad and Tobago, in order to cope with flooding, sea level rise and the expected increase in water deficit phenomena. It is anticipated that this project will directly benefit 9,758 people who live in the area engaged in fishing and agriculture, and indirectly, 197,540 people throughout the project’s life cycle. In addition, the country will benefit from tools and instruments that will contribute to its climate-sensitive planning and increase the resilience of green and grey infrastructures.



Chart 8 Third-party resources – Approvals by economic sector 2022 (%)

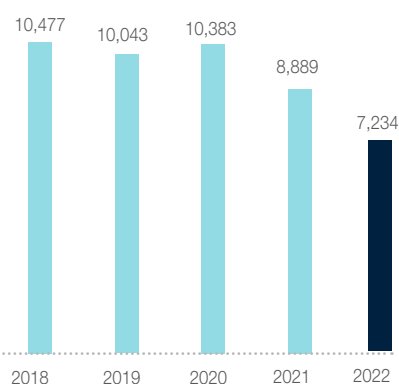


CAF administrates and executes third-party resources in order to complement financial resources and generate a greater impact on the sustainable development of its member countries.

Disbursements

During 2022, the amount disbursed by CAF to its shareholder countries totaled \$7.2 billion, a significantly lower figure than the recent years average, mainly as a result of the decrease in short-term credit lines.

Chart 9 Total disbursements (in \$ million)



However, for the purpose of supporting the expansion of the fiscal spaces of countries in the short and medium term, in the face of the prolongation of a complex and uncertain global and regional economic context, sovereign disbursements totaled \$5.1 billion, with emphasis on loans framed in the various contingent credit lines offered by CAF and the modalities of policy-based loans and loans with a broad sectoral approach, which absorbed \$2.8 billion, and the disbursements to investment programs and projects which totaled \$1.8 billion. On the other hand, disbursements through financial credit lines with commercial banks and public development banks, mainly aimed at channeling resources to the sector of small and medium-sized enterprises, totaled \$2 billion.

Sovereign disbursements totaled \$5 billion, and their main objective has been to support the expansion of the countries' fiscal margins in the short and medium term, in the face of the extension of a complex and uncertain global and regional economic context.

Table 4 Disbursements by product 2022 (in \$ million)

Sovereign	5,078
Loans	4,632
Investment programs and projects	1,833
Programmatic (PBLs) and SWAps	2,799
Contingent lines of credit	301
Financial lines of credit	145
Non sovereign	2,132
Corporate loans	92
Credit lines	2,024
Corporate	200
Financial	1,824
Shareholder equities and investment funds	16
Development cooperation funds	24
Total disbursements	7,234

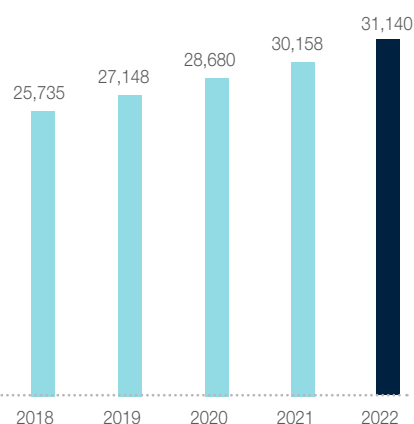
Sovereign disbursements were concentrated in Argentina, Mexico, Bolivia and Colombia with 49%, while 47% of non-sovereign disbursements are concentrated in Colombia and multinational operations given the increased use of credit lines by financial institutions.



Consolidated portfolio

CAF's consolidated portfolio, consisting of the loans, equity investments and bonds/guarantees portfolios, stood at \$31.1 billion at the end of 2022, representing an annual growth of 3.3% and a net increase of \$982 billion. Of this amount, \$30.6 billion relate to the loans portfolio, \$382 million to equity participation and quasi-equity investments, and \$136 million to guarantees. Regarding the distribution by type of risk, 91% of the consolidated portfolio corresponds to operations with sovereign guarantee and the remaining 9% to operations with the private sector, public companies, sub-national governments and other initiatives without sovereign guarantee. In the most recent five year period, the proportion of the sovereign-guaranteed portfolio increased by 10 percentage points, mainly due to fast-disbursing budget support loans to support governments' fiscal management and help promote the availability and timely execution of public resources for addressing the economic and social impacts caused by the COVID-19 pandemic and the economic re-activation, strengthening the countercyclical effect of fiscal policy and reaffirming the agility of response and impact of CAF's action in the region.

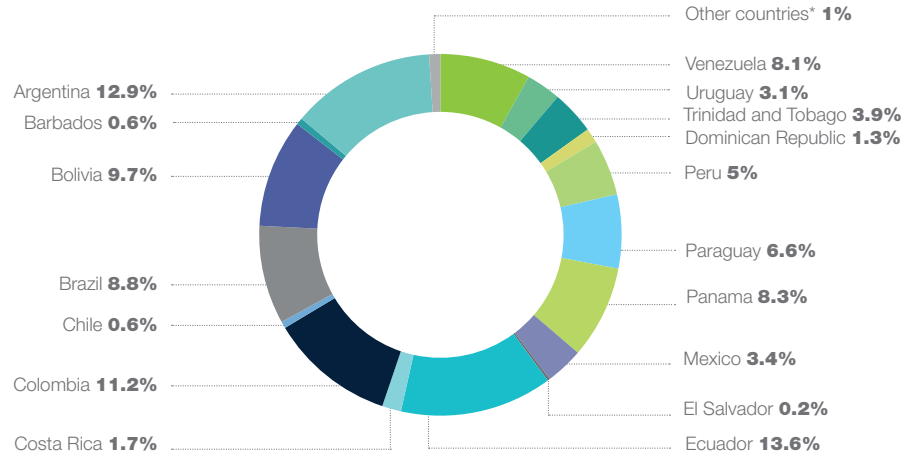
Chart 10 Consolidated portfolio (in \$ million)



Approximate figures for graphical purposes.

For its part, CAF continued to diversify the geographical distribution of the portfolio, which allowed the relative participation of each country to be below 14% of the total consolidated portfolio.

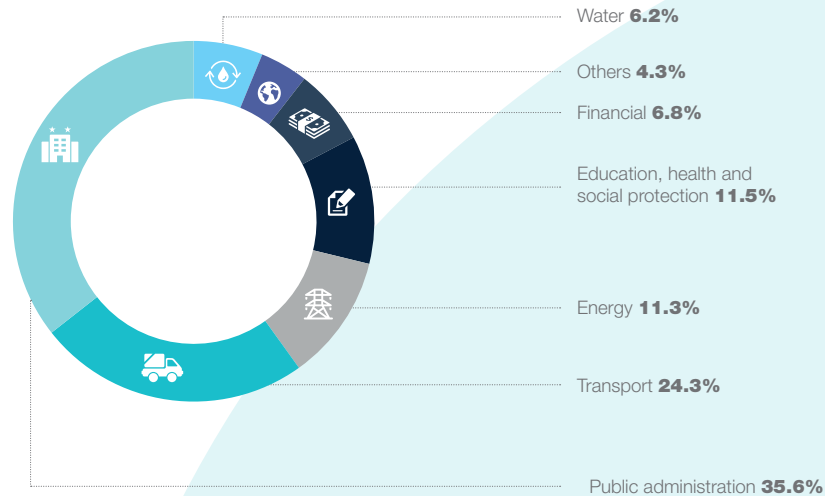
Chart 11 Portfolio by country 2022 (as % of the total)



*Others: Includes Jamaica, Spain, Portugal and multinational operations.

Finally, in relation to the distribution of the portfolio by economic sectors, as mentioned above, the countercyclical budget support operations approved and disbursed during 2020 and 2021 contributed to the public administration sector reaching 35.6% of CAF's total consolidated portfolio. However, the portfolio related to productive infrastructure (energy, transportation, and telecommunications) and social infrastructure (mainly water and sanitation, education, health and social protection) continues to account for 40% of the total, confirming the CAF's strategic interest in promoting the development of sustainable and resilient infrastructures and addressing the key issues in the region, such as climate change, digitalization, increased productivity, integration, the increasing role of the private sector and the reduction of inequalities.

Chart 12 Consolidated portfolio by economic sector 2022



CAF's portfolio at the end of 2022 shows the broad support that the bank has provided to its shareholders over the last few years for the fulfillment of the 2030 Agenda objectives. Specifically to (1) build resilient infrastructure, promote sustainable industrialization and foster innovation; (2) ensure water availability and sustainable management and sanitation for all; (3) take urgent measures to combat climate change and its effects; (4) promote inclusive and sustainable economic growth, employment and decent work for all; and (5) make cities more inclusive, safe, resilient and sustainable.

Chart 13 Portfolio by SDG (number of operations)*



* The chart reflects the number of portfolio transactions for the 2022 year-end by CAF and their contribution to the various SDGs. Most operations contribute to more than one SDG.

Table 5 Approvals by country (in \$ million)

Country	2018	2019	2020	2021	2022	2018-2022
Argentina	1,626	626	964	1,378	1,469	6,062
Barbados		0	100	25	25	150
Bolivia	532	243	554	398	617	2,344
Brazil	1,476	1,591	1,675	1,493	1,841	8,075
Chile	560	650	570	580	581	2,941
Colombia	1,544	2,059	1,693	1,712	1,784	8,792
Costa Rica	10	515	565	115	115	1,321
Ecuador	754	969	992	1,159	968	4,842
El Salvador					300	300
Mexico	656	950	503	1,101	800	4,010
Panama	694	598	561	511	576	2,940
Paraguay	476	710	947	881	1,138	4,152
Peru	2,551	2,191	2,616	2,062	2,417	11,837
Dominican Republic	135	127	300	21	21	604
Trinidad and Tobago	300	200	351	231	196	1,278
Uruguay	890	965	1,351	1,101	851	5,159
Venezuela	600	0	1	1	1	604
Other countries*	859	615	262	423	402	2,561
Total	13,663	13,010	14,003	13,192	14,101	67,970

* Other countries: Includes Spain, Jamaica, Portugal and multinational operations.

Table 6 Disbursements by country (in \$ million)

Country	2018	2019	2020	2021	2022	2018-2022
Argentina	1,014	574	536	699	761	3,586
Barbados	5	0	104	12	18	139
Bolivia	381	491	213	467	627	2,179
Brazil	621	1,130	1,747	2,003	606	6,107
Chile	847	1,088	827	548	151	3,461
Colombia	2,855	2,075	1,721	1,322	1,141	9,114
Costa Rica	10	0	500	0	0	510
Ecuador	706	748	992	534	611	3,591
El Salvador	0	0	0	0	75	75
Mexico	585	772	1,323	603	838	4,121
Panama	498	430	448	542	480	2,398
Paraguay	117	118	629	494	620	1,979
Peru	1,614	1,361	695	966	308	4,945
Dominican Republic	0	0	0		319	320
Trinidad and Tobago	300	200	301	160	101	1,062
Uruguay	112	95	97	291	182	777
Venezuela	529	514	1	30	28	1,101
Other countries*	282	446	249	217	368	1,561
Total	10,477	10,043	10,383	8,889	7,234	47,025

* Other countries: Includes Spain, Jamaica, Portugal and multinational operations.

Table 7 Consolidated portfolio by country (in \$ million)

Country	2018	2019	2020	2021	2022
Argentina	3,612	3,781	3,764	3,879	4,015
Barbados	84	75	170	173	181
Bolivia	2,574	2,728	2,558	2,700	3,019
Brazil	1,747	2,285	2,672	2,757	2,706
Chile	427	476	466	308	190
Colombia	2,953	2,970	3,036	3,492	3,500
Costa Rica	78	72	555	539	527
Ecuador	3,587	3,728	4,123	4,202	4,233
El Salvador					75
Mexico	692	666	1,022	960	1,072
Panama	1,710	1,843	2,060	2,422	2,584
Paraguay	466	514	1,087	1,512	2,059
Peru	2,135	2,095	1,630	1,844	1,569
Dominican Republic	207	175	145	111	413
Trinidad and Tobago	600	789	1,049	1,164	1,217
Uruguay	978	935	925	899	969
Venezuela	3,514	3,672	3,200	2,872	2,513
Other countries*	370	346	217	323	299
Total	25,735	27,148	28,680	30,158	31,140

* Other countries: Includes Spain, Jamaica, Portugal and multinational operations.

Approximate figures for graphical purposes.

A young girl with dark hair tied up, wearing a white shirt and a blue backpack, is smiling. She is holding a colorful, patterned bag. The background is a green wall with some holes. In the top left corner, there are several blue circles of different sizes.

CAF's impact on development

- 62 Safe water and sanitation for a healthy living
- 64 Supporting SMEs
- 66 Highways
- 68 A green vision throughout CAF

CAF's interventions in water and sanitation have helped to reduce infant mortality and chronic malnutrition.





CAF's impact on development

At CAF, we are committed to demonstrating our contribution to the development of Latin America and the Caribbean to our allies—both current and potential—and to the general public. We also want to report on the impact of the various types of interventions supported by CAF, based on the available scientific evidence, in hopes of enhancing the impact our action has on the well-being of Latin Americans and Caribbeans.

To this end, the **Impacto CAF** initiative is a systematic effort to demonstrate to the world, in a simple, socially acceptable and scientifically credible manner, how it is that we contribute to development. This initiative receives ongoing reporting for CAF-funded projects, in addition to universally available assessment studies and those generated from our projects. Measuring CAF's impact on development is technically complex due to the difficulty of attributing the results observed in the benefited populations to specific projects. For this reason, the **Impacto CAF** initiative prioritizes the existing evidence, based on its scientific quality and its applicability to CAF action, to illustrate in a simple way the benefits that CAF contributes to generating in the projects it finances.



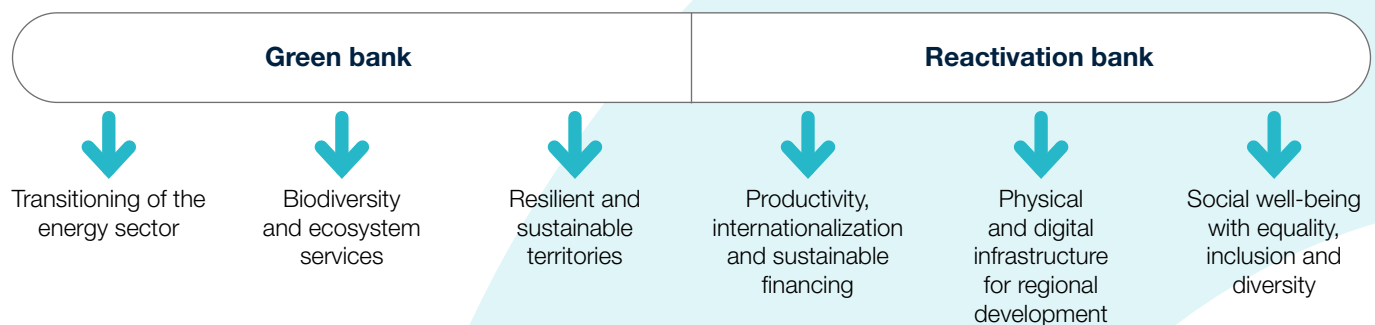
Other evidence sites:
ELSEVIER, JSTOR, etc.

This initial release covers 4 topics within the 6 strategic agendas prioritized in the 2023-2026 corporate strategy: in particular, the issue of **water and sanitation** corresponds to the **agenda for resilient and sustainable territories**, support **for SMEs** with the **productivity agenda, internationalization and sustainable finances, roadways** to the **agenda of physical and digital infrastructure for regional development**, and that for **protected areas** and the **biodiversity and ecosystem services agenda**. During 2023, **ImpactoCAF** is expected to be nurtured with topics linked to the **transition agendas for the energy and social welfare sector with equality, inclusion and diversity**.



Below we share a summary of the main messages that come from the discussion by topic. **Impacto CAF** is available from March 2023 on www.caf.com/impactocaf

Strategic agendas prioritized in corporate strategy 2023-2026



Safe water and sanitation for a healthy living

Poor water quality or inadequate sanitation compromises the livelihoods and opportunities of millions of people in Latin America and the Caribbean: 17 million Latin Americans and Caribbeans (3% of the population) have limited access to water or consume water from unsuitable sources. Additionally, 430 million (66% of the population) do not have access to safe and adequate sanitation. Residents in rural and informal urban settlement areas face the greatest deprivations, especially women and children.

CAF has funded water and sanitation operations for \$4.2 billion over the past ten years (11% of CAF approvals to the public sector during this period) and has helped mobilize about \$3.3 billion in co-financing and/or counterpart funds.

In the last five years, CAF's action in potable water benefited 12 countries in the region and managed to increase the extension of the piping network by 1,300 km, add 116,000 new connections and build 17 new treatment plants. In sanitation, it was possible to increase the sewer network by more than 1,700 km, by 80,000 connections and to increase the number of wastewater treatment plants by 34. In rural areas, CAF has funded much of the **MiAgua** program in Bolivia, through which 400,000 rural families became, for the first time, able to access a safe source of water directly in their homes or very close to them. In total, it is estimated that more than 12 million people have benefited from these improvements.

In addition, CAF has funded institutional strengthening and training of officials in water

and sanitation service management companies. With technical cooperation resources, it has also strengthened credit operations with better designs and feasibility studies, bid awarding and quality oversight processes.

Evidence demonstrates that access to better water and sanitation services helps to reduce instances of diarrhea, as well as duration and severity, especially in children under the age of five who inhabit the most rural and disadvantaged areas. Diarrhea is also one of the possible causes of chronic malnutrition, which has very severe repercussions for children's physical, neurological and cognitive development. **CAF's interventions in water and sanitation over the past decade may have helped reduce the number of annual episodes of diarrhea in the benefited sites, from 2.78 to 1.38 per child, thus helping to reduce infant mortality from this disease**





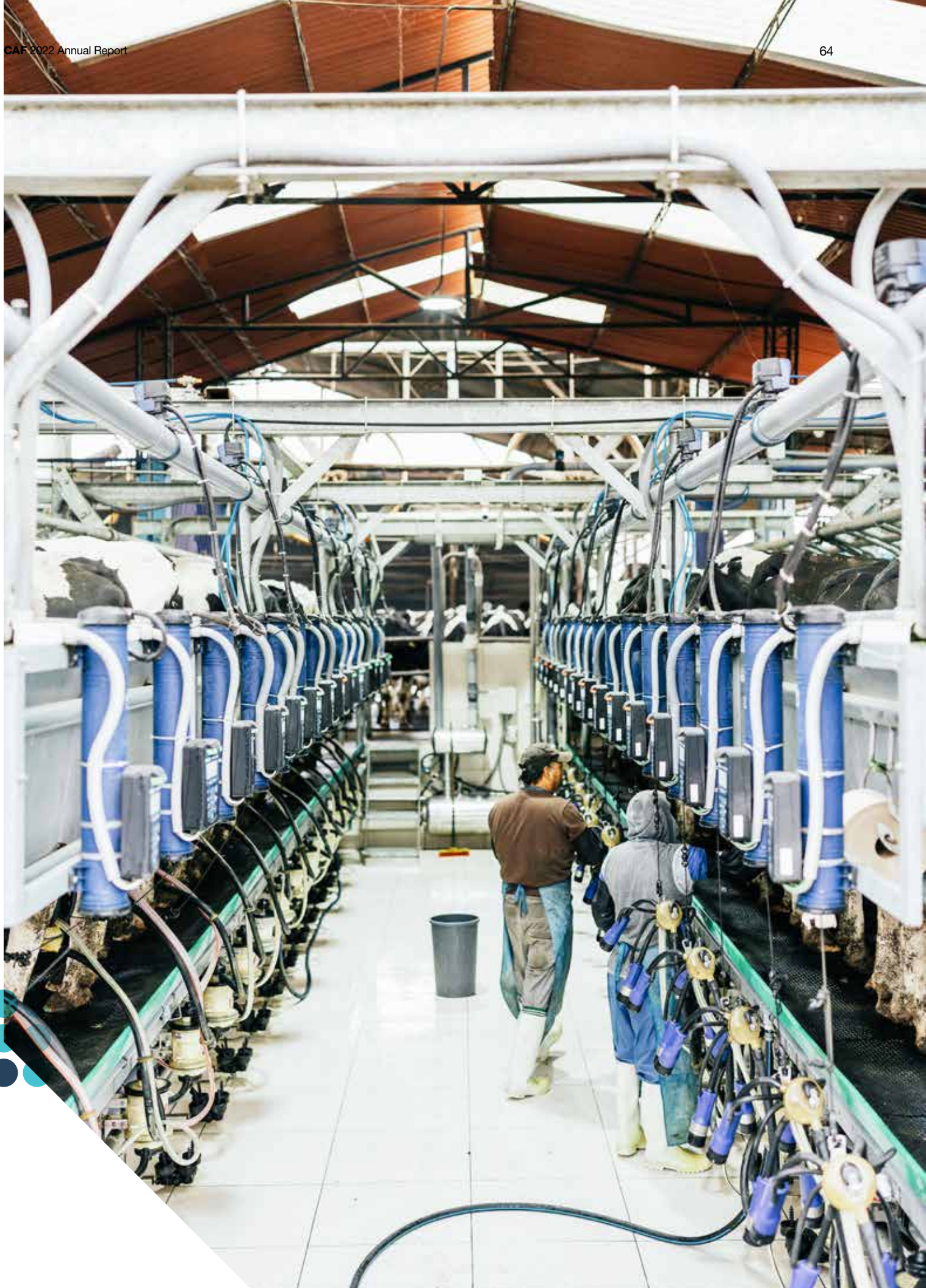
(the second most lethal in the region's children) and chronic malnutrition, especially in children under two years of age. The water and sanitation services CAF has funded may also have helped reduce the incidence, in children and adults, of respiratory, parasitic and skin diseases. The reduction of illnesses probably also translated into greater mental well-being of household members, as well as lower public and private expenses and diminished time spent addressing health problems. Improved water and sanitation services, meanwhile, may have reduced the time that household members spend collecting water.

The improvement in water and sanitation services enabled by CAF's action also helps improve the quality of services in health centers, resulting in a reduction in maternal and neonatal mortality. It may also

have benefited the environment by preventing indiscriminate and careless use of water sources as well as improper disposal of human and industrial waste.

To underpin the benefit of improved water and sanitation services in Latin America and the Caribbean, CAF has promoted complementary actions, specifically: dissemination of hygienic practices with a community focus, training in the management of services, and support of community participation in the management of services and pre-investment through the reinforcement of participation mechanisms and through community management support strategies.

CAF's action in drinking water benefited 12 countries in the region and managed to increase the piping network by 1,300 km, adding 116,000 new connections and building 17 new treatment plants.



Support for SMEs

Lack of access to financing is one of the main problems experienced by SMEs in Latin America and the Caribbean. Credit to the private sector as a percentage of Gross Domestic Product (GDP) barely reaches 50% in most countries in the region. This is reflected in 1 in 3 SMEs in the region reporting restrictions on their access to credit.

The limitation in access to financing impacts the productivity of SMEs in the region: average labor productivity is only 30% of that in the United States. And this gap is one of the main reasons for the standard of living lag in Latin American countries.

In order to achieve greater productivity, SMEs in Latin America and the Caribbean need access to financing so that they can invest in profitable projects which grow their business, and in training activities so that their employees better match their competencies and tasks.

CAF acts as second-tier banking by granting lines of credit to development financial institutions and private commercial banking, such that they can then provide financing to SMEs. In 2022, current credit lines amounted to \$5.8 billion. And, over the last five years, a total of \$24.58 billion was

disbursed in credit lines directed to customers in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru and Uruguay. **These facilities translated into a total of 148,440 credit facilities for SMEs in Latin America and the Caribbean.**

These lines of credit were intended to finance short-term operations, mainly to finance working capital and carry out foreign trade operations. According to the available evidence, this type of financing helps SMEs to purchase more supplies (+14%) and to increase production (+6%). It also increases employment (4% to 24%), doing so shortly after the credit has been received.

It is estimated that each SME benefited by a CAF line of credit would have generated 13 new jobs. Additionally, increased liquidity has favorable effects on SME performance. Not only do they produce more, but they also sell and export more (+40%).

On the other hand, CAF also offers lines of credit to finance medium-term and long-term operations. These credits are intended for investment projects and for the acquisition of capital assets, such as machinery and equipment. Scientific studies show that these long-term loans can increase fixed asset investment by up to 30%, and employment and production by 4% and 5%, respectively. And these impacts last several years after credit is received. Additionally, long-term financing has positive effects on the productivity and salaries of SMEs with increases of around 10% for the medium term and long term.

It should be noted that, regardless of the type of operations funded, access to these credits makes it easier for SMEs to develop a link with the lending banks that would allow them to obtain better

CAF offers lines of credit to finance medium-term and long-term operations that target investment and capital equipment acquisition projects, such as machinery and equipment.



credit conditions in the future. In turn, it increases the likelihood of accessing funding from other financial institutions and, in particular, the long-term financing required to improve productivity.

In addition to the lines of credit, CAF has developed a partial guarantee product for SMEs aimed at financial intermediaries, through which it assumes a portion of the risk associated with a loan issued to a SME. This instrument complements the offering of the national guarantee funds and systems of the region's countries. In the past, CAF has also supported national collateral funds and systems through counter-guarantee, reverse-guarantees, co-guaranties and equity strengthening. By reducing credit risk, guarantees allow private financing sources to provide better credit conditions to SMEs in the region, both with respect to time and amount. Available studies show that access to these partial guarantees and sureties increase the likelihood that SMEs

will access a credit, the amount of the loan they receive (17%), research and development expenses (8%), investment in fixed assets (6%), production (6%), employment (4%-17%), and even the total factor productivity (5%).

Finally, in order to improve the technical capabilities of SMEs, CAF provides specific non-financial support through technical cooperation funds. These include consulting and training programs in innovation, exporting, financial inclusion and digital transformation.

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Roadways

The Latin American roadways network, which has a scope of approximately 3.6 million km, is the backbone of trade in the region, supporting about 85% of annual freight traffic. Although the region is among the most urbanized in the world, 40% of the rural population lives in remote places without access to a ground transportation network and therefore has limited access to health, education services and well-paid jobs.

One-third of companies in the region consider transportation infrastructure an impediment to their operations. The density of the road network in Latin America and the Caribbean is one-tenth of that of the OECD [Organisation for Economic Co-operation and Development] average, and most of it, being tertiary level, presents significant deficiencies: only 19% are paved and permanently transitable, there are sharp declines in service levels, inefficient interconnections, complex geography and high exposure to climate events. The loss rate in the region's roads is about 18 deaths per 100,000 inhabitants per year, just over three times the average of OECD countries.

CAF, for years, has strongly committed to supporting road investment in Latin American and Caribbean countries, funding around 40 road projects for approximately \$4 billion in the last five years alone. **This aid from CAF has contributed to complete more than 7,500 km of new, improved or rehabilitated roads.**



This investment has helped to reduce transportation costs and therefore to increase household and business access to markets, which can be particularly important for farmers in rural areas. **CAF's road investment boosted employment in connected areas by around 5%, according to experiences in Peru and Mexico, thanks to improved availability of supplies, logistics services and new consumers.** Increased employment, in turn, may have fostered diversification, with respect to both economic activity and household income sources.

According to the evidence, higher production and the potential of increased competitiveness may have driven exports, as happened in the case of Peru with a rise in exports of approximately 6.4%.

In aggregate terms, **existing studies suggest that these CAF-driven roadway improvements may have positively affected the size of the benefited economies: in Bolivia, for example, roadway investment between 2006 and 2017 translated into an increase of 0.5% of GDP**, something similar to what was noted in Ecuador and Paraguay, and in Haiti (between 0.6% and 1.2% of GDP). **The construction of the Santa Cruz-Puerto Suárez road, funded by CAF, boosted current salaries by between 0.3% and 0.5%.** Studies also indicate that roadway investment has the potential to reduce poverty in monetary and multidimensional terms, and that this potential is particularly useful for boosting economies in times of recession.

It should be noted that the achievement of these benefits depends on certain factors including: appropriate selection of locations and types of projects to be funded, and the quality of the design, budget planning, implementation and governance processes. For such purposes,

in recent years, CAF has been committed to initiatives such as: The Regional Integration Infrastructure Pre-Investment Program (PPI [Programa de Preinversión para la Infraestructura de Integración Regional]) created in 2017 and has disbursed nearly \$10 million; an index for prioritizing IIRSA¹ projects with the objective of creating an infrastructure fund with projects identified using impact criteria; a Road Infrastructure Quality Index to assess the degree of convergence towards sustainable development; a Guide to Good Practices for Roadway Climate Adaptation; and has developed massive online training courses on sustainable roadways and best practices for rural roadways. Similarly, a new study on innovative and sustainable technologies for the construction and maintenance of rural roadways is underway, and work is being done to profit from lessons learned in Latin America and the Caribbean related to pavement recycling and circular economy.

¹ Initiative for the Integration of South America's Regional Infrastructure.



A green vision throughout CAF


Ecosystems and their biodiversity are closely linked to both climate change and economic activity, and ultimately to the well-being of the population. These links are sometimes expressed through concepts such as ecosystem services and nature's contributions to people which, while some differences are notable among them, essentially underscore the close interaction between climate, biodiversity and human life.

CAF proposes a cross-sectional approach to all its actions that takes into account these mutual efforts, ensuring not only that the funded interventions do not generate environmental and social harms—through the application of a formal safeguard system—but also such that they consider the synergies between the projects and the natural ecosystems. The assessment of environmental and social risks seeks to incorporate elements that contribute to sustainable management of the environment, resources and ecosystems, and to promote greater resilience of populations and infrastructure to climate threats.

This cross-sectional work in projects contributes to the mission of being the green bank due to the direct benefits of mitigation and adaptation, but also does so to an important extent due to the ability that this has to mobilize global green fund resources for Latin America and the Caribbean, at a time when it needed more than ever in order to attract extra funding for the region.

CAF's climate strategy proposes two complementary approaches: a sectoral approach, which recognizes that each sector faces climate risks and, therefore, opportunities for positive action; and a territorial approach, which is decisive in the grounding of effective action (urban, rural, coastal marine, bio-diverse natural landscapes).

The impact of this immersive vision of CAF's action on the environment, and on the region's ability to mitigate climate change and adapt to its consequences, is difficult to quantify, but we are committed to promoting impact assessment efforts corresponding to the environmental and climate dimensions of our projects. Furthermore, with respect to specific initiatives with an environmental or climate based primary purpose, the available scientific evidence will help us illustrate not only the economic and environmental impacts of CAF's action, but also considerations for more effective designs. This is the case for protected areas which, on the green agenda topic, will be the first for which **ImpactoCAF** will conduct a thorough review.



CAF proposes a cross-sectional approach to all its actions, ensuring not only that the funded interventions do not generate environmental and social harms but also that they take the synergies between projects and natural ecosystems into consideration.



Shareholder countries and multinational operations

72	Argentina	92	Mexico
74	Barbados	94	Panama
76	Bolivia	96	Paraguay
78	Brazil	98	Peru
80	Chile	100	Portugal
82	Colombia	102	Spain
84	Costa Rica	104	Trinidad and Tobago
86	Dominican Republic	106	Uruguay
88	Ecuador	108	Venezuela
90	El Salvador	110	Multinational

CAF provides non-financial support through technical cooperation funds, including consulting and training programs in innovation, exporting, financial inclusion and digital transformation.





Argentina

Notable approvals for the year include sovereign loans for water and sanitation, intended for the continuity of the basic, primary and secondary works program in the Metropolitan Area of Buenos Aires, and for the increase in access to drinking water service in rural populations.

Operations with the private sector also had a very relevant involvement. In particular, the A/B Loan with Pan American Energy (PAE). This project prioritizes the increase in natural gas production, understood as the transition fuel that makes it possible to target an energy matrix with a greater share of renewable energies, while allowing mobilization of third-party resources (private banks) in a key activity for sustainable economic recovery. Therefore, this operation is framed in the corporate strategy which is environmentally sustainable and promoted by the institution.

The green component of CAF's action in the country is also present in three sovereign operations, as characterized by the support of public policies that encourage and support climate action,

the combatting of natural disasters such as fires, and the promotion of sustainable use of natural resources. In the provinces, it contributed to the energy transition in Tierra del Fuego from the technological renewal in the thermal park, resulting in a more efficient operation with lower emissions.

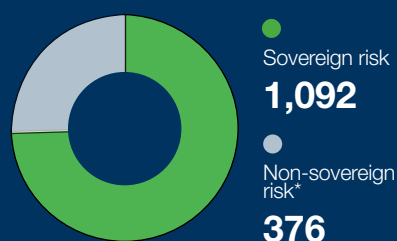
Finally, the closure of infrastructure gaps was supported from national and subnational operations (Entre Ríos), which contributes to increased productivity and the addressing of the social emergency.

Finally, with development cooperation resources, 7 operations were executed in the territory for an amount of \$1.3 million, prioritizing fundamental aspects of institutional strengthening.

In figures

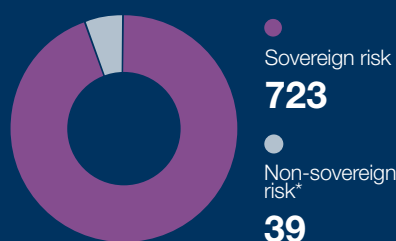
Approvals

\$1,469
million



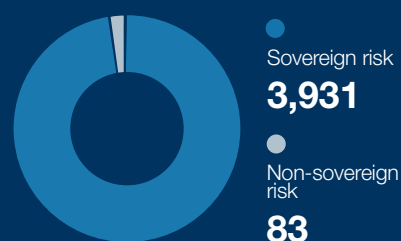
Disbursements

\$761
million



Portfolio

\$4,015
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

1. **Aysa Drinking Water Basic Works program – Phase IV.**
Client: Republic of Argentina
Amount: \$85 million
2. **Uncommitted revolving credit line**
Client: Banco de Inversión y Comercio Exterior, S.A.
Amount: \$75 million
3. **Basic, primary and secondary networks building for the metropolitan area of Buenos Aires**
Client: Republic of Argentina
Amount: \$340 million
4. **Support Program for the National “Argentina anti-hunger” Plan of the COVID-19 Social and Health Emergency, Phase III.**
Client: Republic of Argentina
Amount: \$100 million
5. **Support Program for the Argentine Road System II**
Client: Republic of Argentina
Amount: \$75 million
6. **Broad Sectoral Approach Project for the support of environmental and climate action by the Republic of Argentina**
Client: Republic of Argentina
Amount: \$75 million
7. **National Fire Management Program in the context of the fire emergency in the Republic of Argentina**
Client: Republic of Argentina
Amount: \$50 million
8. **Productive Rural Roads Program**
Client: Republic of Argentina
Amount: \$100 million
9. **A/B Loan - Pan American Energy**
Client: Pan American Energy
Amount: \$300 million
10. **Support Program for the Energy Transition of Tierra del Fuego, Antarctica and the South Atlantic Islands**
Client: Republic of Argentina
Amount: \$70 million
11. **Urban Connectivity Program: Rail Crossings at various levels in the Metropolitan Region of Buenos Aires**
Client: Republic of Argentina
Amount: \$75 million
12. **Knowledge Economics, Biotechnology and Nanotechnology Promotion Support Program**
Client: Republic of Argentina
Amount: \$20 million
13. **Roads for Productive Development Program of the province of Entre Ríos**
Client: Republic of Argentina
Amount: \$40 million
14. **Water Security Program for dispersed rural communities**
Client: Republic of Argentina
Amount: \$50 million
15. **Federal pre-investment Program**
Client: Republic of Argentina
Amount: \$12 million



Barbados



Mia Mottley, Prime Minister of Barbados, and Sergio Díaz-Granados, Executive President of CAF.

In 2022, CAF approved a sector-wide approach program of \$50 million for the modernization of Barbados' road system, with its total contribution, approved in 2021, being \$50 million. This operation seeks to support the management, planning and public investment for the development of land transport, through the updating of the planning, regulatory and management framework of the sector; improvements to the quality of the infrastructure, signaling, road safety and low carbon transport strategy and institutional strengthening measures.

Additionally, CAF and the national water company (Barbados Water Authority) are advancing the implementation of a rehabilitation program for water and sanitation networks for \$10 million, which is co-funded by the European Investment Bank for an amount of \$12 million.

In figures

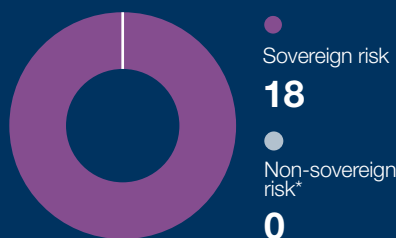
Approvals

\$25
million



Disbursements

\$18
million



Portfolio

\$181
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

1. Sector-wide Approach Program for the support of Barbados ground transport

Client: Government of Barbados
Amount: \$25 million



Sunset in Carlisle Bay, Barbados, looking to Bridgetown.



Bolivia

During 2022, CAF approved operations in favor of Bolivia for \$617 million of which 74% corresponded to Sovereign risk operations and 26% (\$163 million) to non-Sovereign risk operations. Additionally, with respect to support to the country in the form of non-refundable resources, total operations were approved which amounted to \$590 million.

In 2022, economic and social measures were implemented to promote the reactivation of the Bolivian economy following the severe impact suffered by the COVID-19 pandemic. In this context, measures were promoted to ensure macroeconomic stability and in order to continue to drive activity through the prioritization of public investment in infrastructure, social and productive sector operations, all of which are aligned with the concept of supporting natural capital conservation and improving resilience to climate change.

A credit operation of \$400 million was approved to contribute to the timely execution of Bolivian public resources, supporting territorial budget management. The program also aims to improve the assessment of the debt

capacity of Territorial and Autonomous Entities (ETA [Entidades Territoriales y Autónomas]), in this case, of municipal governments and governments of the various departments of the country, and to promote and improve the transparency and reliability of territorial finances. In the same manner, support for the country's logistics, production and economic infrastructure was continued by promoting the construction of the first section (Escoma-Pacobamba) of the Escoma-Charazani road in the northern portion of the La Paz department, with the aim of improving national and regional productivity by integrating the adjacent population with the consumer markets and strengthening the international linkage.

With respect to support for the country's private sector, CAF continued to be significantly positioned in the Bolivian financial sector, through the approval of a total of \$162 million. The resources destined for the lines of credit will allow financing, both for the bank in general and for its customers, in matters of foreign trade, productive credit, financing for SMEs, financing of green operations and energy efficiency, guarantees and purchasing of Bonds. In the same

manner, and thanks to our new capital contribution to the BDP-SAM Productive Development Bank, support was continued for the national productive sector through first and second floor financial intermediation.

During this year, non-refundable technical cooperation resources funded five major operations and events where the country was host for a total amount of more than \$590,000. In this sense, through the Ministry of Environment and Water, and in coordination with the Ministry of Foreign Affairs, support was provided in the organization of the VI Latin American Conference on Sanitation – LATINOSAN 2022. Similarly, through the Ministry of Economy and Public Finance, it collaborated with the "XXVII CLAD International Congress on State and Public Administration Reform". It is also important to note the training program for public officials in the Establishing, Execution and Evaluation of Public Investment Projects.

In figures

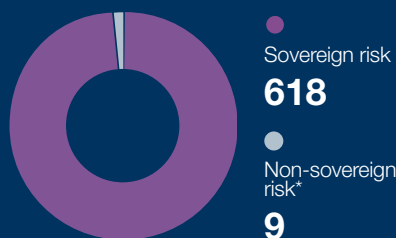
Approvals

\$617
million



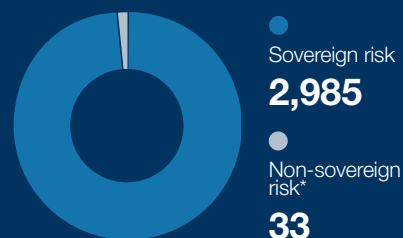
Disbursements

\$627
million



Portfolio

\$3,019
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. Budget Management Support Program: towards Environmental and Climate Action and Transparency of Public Finances**
Client: Plurinational State of Bolivia
Amount: \$400 million
- 2. Forecast. Construction of the Escoma-Charazani Road: Tranche I Escoma-Pacobamba.**
Client: Plurinational State of Bolivia
Amount: \$54 million
- 3. Credit line**
Client: Diaconía IFD
Amount: \$5 million
- 4. Credit line**
Client: Pro Mujer Foundation
Amount: \$4 million
- 5. Credit line**
Client: BISA Bank
Amount: \$20 million
- 6. Credit line**
Client: Banco Mercantil Santa Cruz S.A. - BMSC
Amount: \$20 million
- 7. Credit line**
Client: Banco Nacional de Bolivia S.A.
Amount: \$20 million
- 8. Credit line**
Client: Banco Solidario S.A. - BancoSol
Amount: \$20 million
- 9. Credit line**
Client: Banco para el Fomento de las Iniciativas Económicas S.A. [Bank for the Development of Economic Initiatives] - Banco FIE S.A.
Amount: \$20 million
- 10. Credit line**
Client: CRECER (Civil Credit Association with Rural Education)
Amount: \$8 million
- 11. Credit line**
Client: Cooperativa Jesús Nazareno Ltda.
Amount: \$6 million
- 12. Credit line**
Client: Production Development Bank (Banco de Desarrollo Productivo)
Amount: \$20 million
- 13. Credit line**
Client: Banco Unión S.A.
Amount: \$20 million



Brazil

In 2022, CAF contributed to the economic reconstruction and the execution of environmental and social and financial inclusion initiatives, through various financing products, cooperation programs and technical advice to state and municipal governments, to public service providers, public regional development banks and commercial banks. Sovereign operations were approved for two states and four municipalities for \$494 million, and non-sovereign operations for \$1.3 billion.

CAF's activity in Brazil is diversified across the sovereign and non-sovereign sectors.

In the first of these, CAF works directly with the states and municipalities, guaranteed by the Federal Republic of Brazil, offering financing to high-impact investment programs and projects for the populations most in need. During 2022, CAF made disbursements corresponding to 29 operations with subnational entities aimed at comprehensive projects for the transformation of cities from a territorial perspective, targeting the location for SDG 11, which proposes an improvement in the well-being

conditions of its citizens through sustainable mobility, by sanitation and drainage provisioning, through quality public space systems, through productivity improvement actions from a local logical approach, and interventions that promote resilience to climate change.

In the second of the aforementioned sectors, during 2022 CAF strengthened the alliance with regional development banks offering lines of credit aimed at micro, small and medium-sized enterprises, and the productive sector. In addition to the current ones, a line was formalized for Fomento Paraná for an amount of \$50 million, designed to finance operations of entrepreneurs and rural producers and SMEs, aimed at mitigating the effects of the crisis generated by COVID-19 and supporting the State of Paraná's economic activity recovery process. Another relevant point was the approved increases for the lines of the Banco de Desenvolvimento do Extremo Sul (BRDE), from \$70 million to \$140 million, and of the Agência de Desenvolvimento do Estado de São Paulo (Desenvolve SP), from \$50 million to \$100 million.

Additionally, CAF offered innovative products and financial structures. For example, the security contract was formalized for the loan granted by the Banco Nacional de Desenvolvimento e Social (BNDES) for the Concessionaire Linha Universidade, responsible for Line 6 of the Sao Paulo Metro, for the total amount of 200 million Brazilian Reales; approvals were made in investment funds intended for the development of infrastructure in the country (Infra Credit Fund) and related to the renewable energy sectors, low-emission power generation, energy efficiency, reduction of gas and wastewater emissions (Fondo Vinci).

Regarding other matters, during 2022 CAF supported Brazil with non-refundable technical cooperation resources for \$1.32 million in 10 operations focused on supporting the preparation of quality studies for infrastructure projects and to strengthen the environmental management, tourism and digital transformation of clients in the country. The study for the structuring of the concession of the Brazil-Uruguay waterway is highlighted.

In figures

Approvals



Disbursements



Portfolio



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. State of São Paulo Project - Expansion of green line 2 and procurement of rolling stock**
 Client: State of São Paulo
 Amount: \$210 million
- 2. São Paulo metro line 6, Brazil**
 Client: Concessionaire Linha Universidade, S.A.
 Amount: \$50 million
- 3. Itaipoca Infrastructure, Economic and Socio-environmental Development Program (PRODESA)**
 Client: Municipality of Itaipoca/CE
 Amount: \$50 million
- 4. Direct Equity Investment - Aprova Digital [Digital Approval]**
 Client: ZC Serviços de Internet S.A. ("Aprova Digital")
 Amount: \$1 million
- 5. Environmental Development and Sanitation Program of São Caetano do Sul**
 Client: Municipality of São Caetano do Sul
 Amount: \$50 million
- 6. Health Project for Northern Espírito Santo**
 Client: State of Espírito Santo
 Amount: \$56 million
- 7. Equity Investment**
 Client: Fondo Vinci Climate Change L.P.
 Amount: \$10 million
- 8. Corporate loan - SANASA**
 Client: Sociedad de Abastecimiento de Agua y Saneamiento S.A. - SANASA
 Amount: \$50 million
- 9. Urban Infrastructure, Social and Environmental Development Program of Porto Seguro**
 Client: Municipality of Porto Seguro
 Amount: \$64 million
- 10. Jundiaí Urban and Social Development Program**
 Client: Municipality of Jundiaí
 Amount: \$64 million
- 11. Patria Infra Credit Fund-equity Investment**
 Client: Patria Infra Credit Fund
 Amount: 25 million
- 12. Uncommitted revolving credit line**
 Client: Desenvolve Sao Paulo
 Amount: 100 million
- 13. Credit line**
 Client: Banco Itaú Unibanco S.A.
 Amount: 200 million
- 14. Credit line**
 Client: Banco do Brasil S.A.
 Amount: 200 million
- 15. Credit line**
 Client: Banco Santander Banespa
 Amount: 200 million
- 16. Credit line**
 Client: Agência de Fomento do Paraná S.A. ("Fomento Paraná").
 Amount: 50 million
- 17. Credit line**
 Client: Banco Bradesco S.A.
 Amount: 250 million
- 18. Credit line**
 Client: Banco Regional de Desenvolvimento do Extremo Sul - BRDE
 Amount: 70 million
- 19. Credit line**
 Client: Banco Nordeste do Brasil S.A.
 Amount: 70 million
- 20. Credit line**
 Client: Banco Regional de Desenvolvimento do Extremo Sul - BRDE
 Amount: 70 million



Chile

On May 25, 2022, Chile expressed the willingness of the country to deepen the cooperation relationships with CAF through its conversion to become a Member Country. The country expressed its recognition of CAF's effort to promote the sustainable development and integration of Latin America and the Caribbean, an effort that materializes through the support of initiatives aimed at the provision of public services and infrastructure, and the promotion of productivity, among others, which results in the improvement of the quality of life of the region's most vulnerable populations.

In view of the above, on June 23, 2022, both parties signed the Adhesion Agreement to become a Member Country, which was approved by CAF's Extraordinary Shareholders' Meeting held on August 22, 2022. Following the corresponding legislative approval in the Chilean Congress, said agreement entered into force on November 30, 2022.

On December 7, 2022, the Chilean Embassy informed the Ministry of the People's Power for Foreign Affairs of Venezuela that on November 21, 2022,

the President of the Republic of Chile, His Excellency, Gabriel Boric Font signed the country's instrument of adherence to the CAF Articles of Agreement.

CAF has an office in Santiago de Chile since December 2022. This new office will facilitate the strengthening of the relationships between CAF and Chile and the identification of opportunities to accompany the country by the Institution.

With regard to the business, CAF reinforced the accompaniment of the Chilean banking sector. Throughout the year, the lines of credit aimed at the financial sector were renewed, for an aggregate amount of \$580 million, which are intended to fostering the business of SMEs in the country and strengthening foreign trade operations.

Additionally, three technical cooperation operations were approved. The first seeks to promote the creation of a program that allows the acceleration in California of one of the world's leading entrepreneurship and startup hubs, the best Chilean ventures that go through the Production Development Corporation (Corfo [Corporación de Fomento de

la Producción]). The second, in favor of the Chilean Agency for International Cooperation for Development (AGCID [Agencia Chilena de Cooperación Internacional para el Desarrollo]), in support of the positioning of the Chilean Environmental Agenda in COP 27, held in Egypt in November 2022. And the third, in favor of the University of Chile, Faculty of Physical Sciences and Mathematics, which seeks to support the development and dissemination of knowledge of public policies and management, both nationally and regionally, which promotes the strengthening of institutional capacities and competencies of public sector professionals for the development of the decentralization process, in a sustainable manner, in Chile.

In figures

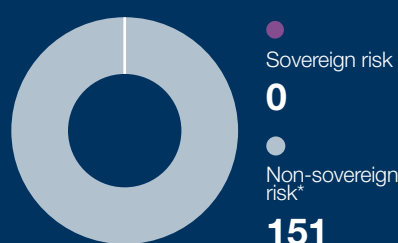
Approvals

\$581
million



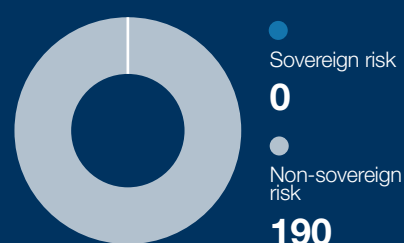
Disbursements

\$151
million



Portfolio

\$190
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

1. Credit line

Client: Banco de Crédito e Inversiones
- BCI
Amount: \$100 million

2. Credit line

Client: Itaú-CorpBanca
Amount: \$100 million

3. Credit line

Client: Banco BICE S.A.
Amount: \$50 million

4. Credit line

Client: Banco Santander Chile
Amount: \$100 million

5. Credit line

Client: Banco del Estado de Chile
Amount: \$100 million

6. Credit line

Client: Tanner Servicios Financieros S.A.
Amount: \$30 million

7. Credit line

Client: Scotiabank Chile
Amount: \$100 million



Colombia

CAF's action in Colombia prioritized the accompaniment to the closure of gaps in the territories, through the ease of financing Programs and Projects that accompany sustainable development in the territorial entities, and the accompaniment of the national government in matters of Biodiversity, Climate Change and Orange Economy. Moreover, the \$1 billion renewal of uncommitted revolving credit lines in favor of commercial banking, development banking and microfinance institutions.

The approval of the Colombian Prosperity Program was highlighted as an opportunity for the financing of operations in favor of territorial entities, their decentralized entities and public service providers, with a national guarantee, for \$1.2 billion to be implemented over five years. The program seeks to strengthen territorial development, supporting the strategy to satisfy the Sustainable Development Goals (SDGs) and the Colombian Determined National Contribution (DNC), by granting external credit resources

provided by CAF. This program highlights the approval of the strategic project financing program of the 2020-2023 "Atlantic for People" Development Plan for drinking water, basic sanitation and senior living centers sectors, of \$37.8 million.

Similarly, co-financing with the Green Climate Fund (GCF) was approved for the sovereign project with the Ministry of Agriculture and Sustainable Development "Climate Smart Initiatives for Adaptation to Climate Change and Sustainability in Eight Agricultural Production Systems", for a total amount of \$99.9 million, of which 48% corresponds to non-reimbursable GCF resources, 36% to GCF and CAF credits, and 16% to resources from guilds and research centers.

On the other hand, innovative financing mechanisms for strategic sectors in Colombia were advanced, which include resources through free-distribution credits based on sectoral public policy matrices and the financing of investment projects. These are the 2022 approvals: 1) SWAP Sectoral support programme

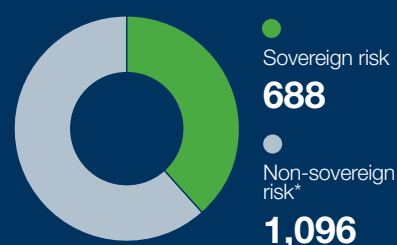
for biodiversity and climate change – \$300 million; 2) Support program for the fulfillment of climate change goals (NDC) in Colombia – Ministry of Environment and Sustainable Development – \$30 million; 3) SWAP Sectoral Support Program for the Orange Economy – \$300 million and; 4) Sectoral Support Project for the Orange Economy (infrastructure and institutional and governance strengthening in the orange development areas – \$10 million)

On the same line, from a non-Sovereign risk operations standpoint, the support of the country's production system through the lines of credit for the Colombian financial system intended for investment projects, green financing, gender equity and foreign trade equity of the customers of these institutions are notable. These resources focused on addressing the need for and access to SME financing, supporting economic reactivation and contributing to the increased productivity of their businesses in a sustainable and equitable context.

In figures

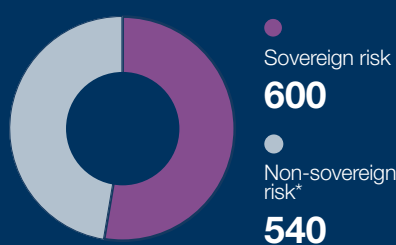
Approvals

\$1,784
million



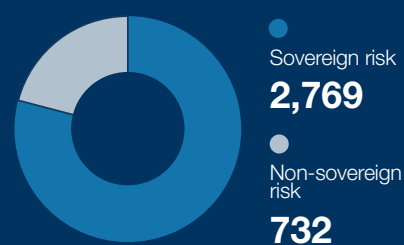
Disbursements

\$1,141
million



Portfolio

\$3,500
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. Sectoral Support Program for the Orange Economy**
Client: Republic of Colombia
Amount: \$300 million
- 2. Climate Change and Biodiversity Sector Support Program**
Client: Republic of Colombia
Amount: \$300 million
- 3. Governance Infrastructure and Institutional Strengthening Project in the orange development areas**
Client: Republic of Colombia
Amount: \$10 million
- 4. Climate Change Goals (NDC) Support Program in Colombia**
Client: Republic of Colombia
Amount: \$30 million
- 5. Climate Smart Initiatives for Adaptation to Climate Change and Sustainability in Agricultural Productive Systems (CSICAP)**
Client: Republic of Colombia
Amount: \$10 million
- 6. Partial Funding of Strategic Drinking Water and Basic Sanitation Projects and senior living centers**
Client: Departamento del Atlántico
Amount: \$38 millones
- 7. Credit line**
Client: Banco W, S.A.
Amount: \$24 million
- 8. Credit line**
Client: Banco de Occidente
Amount: \$100 million
- 9. Credit line**
Client: Banco de Bogotá
Amount: \$200 million
- 10. Credit line**
Client: BBVA Colombia
Amount: \$150 million
- 11. Credit line**
Client: Banco Davivienda S.A..
Amount: \$150 million
- 12. Credit line**
Client: Banco de las Microfinanzas - Bancamía S.A.
Amount: \$20 million
- 13. Uncommitted revolving line of credit with disbursement (operation included within the Regional Anticyclical Support Program for microfinance companies in response to COVID-19).**
Client: Bancóldex
Amount: \$250 million
- 14. Credit line**
Client: Bancolombia
Amount: \$200 million



Costa Rica

In July 2022, Costa Rica signed an updated version of the Incorporation Agreement as a CAF Member Country. It is expected that throughout 2023 the country will take the remaining steps to complete its conversion process. With this, Costa Rica will be able to have greater access to financial resources, receive more non-refundable technical support resources and enjoy greater support through specialized knowledge products, all with the aim of supporting its national development strategy and improving the living conditions of the population.

In December 2022, as part of the support issued in the health emergency generated by COVID-19, the non-revolving and uncommitted credit line was renewed, for \$100 million, approved in 2021 to the Costa Rican Electricity Institute (ICE). It is fitting to note that this line is in the context of the regional anti-cyclical facility aimed at companies providing public electricity, gas and water services.

During 2022, two technical cooperation operations were approved. The former supported the Ministry of Foreign Affairs and Worship in the conducting of the "Fifth Forum of the Countries of Latin America and the Caribbean

on Sustainable Development." The second in the context of CAF's financial inclusion agenda, in favor of the General Superintendency of Financial Entities (SUGEF [Superintendencia General de Entidades Financieras]) for the execution of the "Financial Capacity Surveys for Individuals in Costa Rica" project, which intends to develop a diagnosis that provides understanding of the knowledge, skills, attitudes and behaviors of Costa Rican individuals with respect to financial issues. The third, in favor of the Ministry of Communication, aims to strengthen the capacities of public institutions and citizens in the prevention and combat of corruption through actions that promote the use of the standards of the Inter-American Open Data Program (PIDA [Programa Interamericano de Datos Abiertos]) in Costa Rica. And the fourth, in favor of the Ministry of National Planning and Economic Policy (Mideplan [Ministerio de Planificación Nacional y Política Económica]), seeks to promote the development of the regions in Costa Rica by designing the governance of the National Regional Development Fund (Fonader [Fondo Nacional de Desarrollo Regional]) and presenting its implementation plan with a development outcomes approach.

In addition, with funds from the Green Climate Fund, a technical cooperation operation was approved in favor of the Costa Rican Ministry of Environment and Energy, to provide support in the execution of the Safeguarding of Biodiversity project for the Isla de Coco National Park through the improvement of biosecurity.

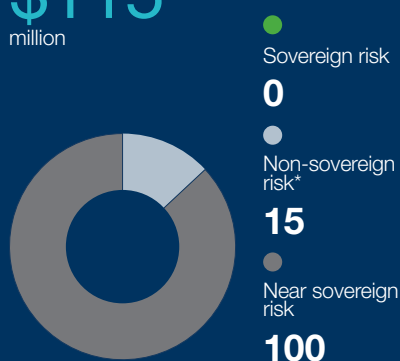
With regard to the accompaniment of the private sector, the approval of a non-committed revolving credit line was renewed, for \$15 million, for Banco Improsa, which is aimed at providing financing to small and medium-sized Costa Rican enterprises.

Finally, from CAF Asset Management Corp. (CAF-AM) has advanced the creation of the "Senior Risk Capital Investment Fund for Infrastructure in Costa Rica CAFAM I", which will seek to provide funding and investment solutions that enhance the mobilization of third-party resources for the execution of infrastructure projects in the country. In recent months, meetings have been held with potential institutional investors and a very favorable reception for the initiative has been noted.

In figures

Approvals

\$115
million



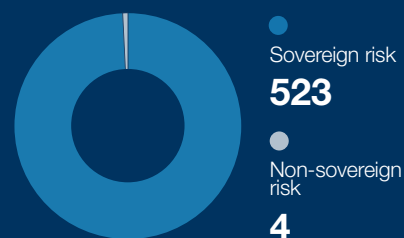
Disbursements

\$0
million



Portfolio

\$527
million



*Approvals and disbursements include technical cooperation funds.
Approximate figures for graphical purposes.



Approvals

1. Credit line

Client: Banco Improsa S.A.
Amount: \$15 million

2. ICE public companies line

Client: Costa Rican Electricity Institute
- ICE
Amount: \$100 million



Rodrigo Chaves, President of Costa Rica, and Sergio Díaz-Granados, President of CAF.



Dominican Republic

Since December 2022, CAF has a permanent office in Santo Domingo, from which the CAF Tourism Office for Latin America and the Caribbean operates. This new office represents a strengthening of the relationships between CAF and the Dominican Republic, as well as a new contribution to the sustainable development and integration of shareholder countries through tourism, a sector which is a priority for the development of the Dominican Republic. Through the Tourism Office, CAF will build a dynamic work agenda with public and private sectors throughout the region in order to contribute to the development of one of the primary engines for employment generation, currency generation and well-being. The purpose of the institution with the creation of the Tourism Office is to initiate policies, strategies, projects and investments from which it can be supported by CAF, as well as the providing of the non-refundable technical assistance activities, to promote the development of the tourism sector in Latin America and the Caribbean.

In May 2022, the Congress of the Dominican Republic ratified the agreement for the adhesion of the Dominican Republic as a CAF Member

Country. Once the membership process for the country is concluded, it may have greater access to financial resources and greater representation in the institution's association bodies.

In January 2022, a long-term Sovereign risk loan under the policy-based credit (PBL) modality was disbursed, for \$300 million, to assist and supplement the fiscal measures that the Government is applying to mitigate the economic, financial and social impacts generated by the pandemic. Additionally, during this year, resources were supplied to the "Eastern Aqueduct, Salinity Barrier and Transfer to Santo Domingo Norte Expansion Project", which aims to provide the continuous and quality drinking water service, to a population of approximately 1.1 million inhabitants in the municipalities of East and North Santo Domingo.

During 2022, two technical cooperation operations were approved. The first, in favor of the Directorate General of Government Ethics and Integrity (DIGEIG [Dirección General de Ética e Integridad Gubernamental]), aims to strengthen the capacities of public institutions and citizens in the prevention and combating of corruption, through actions that promote the use of the standards of

the Inter-American Open Data Program (PIDA [Programa Interamericano de Datos Abiertos]) in the Dominican Republic. The second one seeks to support the Ministry of Environment and Natural Resources of the Dominican Republic in structuring the "Enabling the competitiveness of the Dominican Republic through environmental sustainability and climate resilience from tourism (TUUVE)" project to be presented to the Adaptation Fund and catalyze a non-refundable technical cooperation of up to \$10 million.

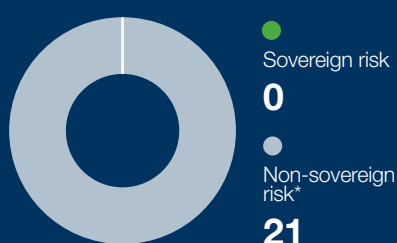
With regard to the private sector, in 2022, a non-committed revolving credit line of \$20 million was approved, in favor of Banco BHD León, to finance the growth of the bank's loan portfolio in the SME sector, specially those led by women.

Additionally, CAF Asset Management Corp. ("CAF-AM") is analyzing the creation of a closed investment development fund to invest in debt for infrastructure projects in the country.

In figures

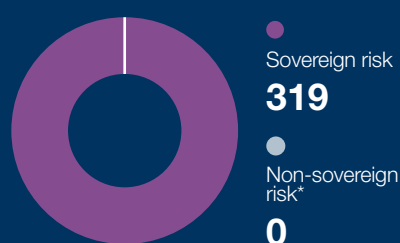
Approvals

\$21
million



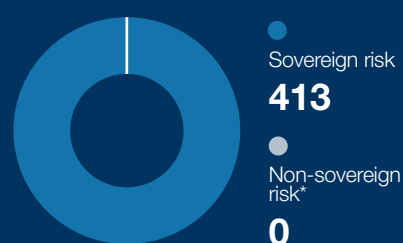
Disbursements

\$319
million



Portfolio

\$413
million



*Approvals and disbursements include technical cooperation funds.
Approximate figures for graphical purposes.



Approvals

1. Credit line

Client: Banco BHD
Amount: \$20 million



"The path to biodivercities. The Caribbean and Central America" in Punta Cana.



Ecuador

CAF's action and strategy in Ecuador is multidisciplinary and structured into four pillars: a) economic reactivation through infrastructure for productive reactivation, b) social inclusion, c) macroeconomic stability, and d) comprehensive work in cities and territories. The latter assumes: greener interventions, including gender, cultural diversity, creation and strengthening of improved institutional capacities as cross-cutting issues.

For these reasons, approvals were prioritized in support of the health sector to maintain efforts with the aim of combating chronic childhood malnutrition, reducing early pregnancy, attention to the indigenous sector and the elimination of malaria. In the education sector, work was started to provide infrastructure, connectivity, high school reform and professional teacher training. Fiscal stability was complemented by recognition of the country's advances in biodiversity protection and climate change. This year, financing operations leading to the reconstruction of two provinces (Manabí and Esmeraldas) were also approved, as well as the delivery of resources to cooperatives to incentivize production with a gender and climate action approach.

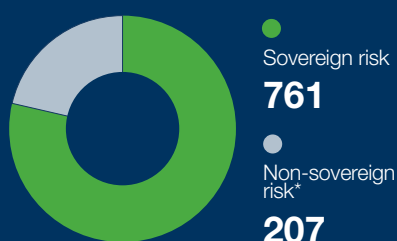
Four intermediate cities were included in 2022: La Libertad, Daule, Chone and Samborondón, and continued work with Guayaquil to materialize its most relevant competencies, in order to provide goods and services in favor of the quality of life of its inhabitants, such as: urban roads, drinking water networks and connections, and public spaces.

Finally, CAF's support through non-refundable technical cooperation was mainly aimed at providing resources to support and complement funding operations, improving the capabilities of our institutional counterparties and strengthening other entities that are key to the country's development. The support CAF generated to attract non-refundable third-party resources for climate change and environmental mitigation issues, in particular with the Ministry of Economy and Finance, and the provision of resources for feasibility studies in logistics, water and sanitation is especially notable.

In figures

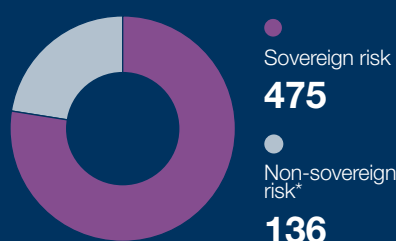
Approvals

\$968
million



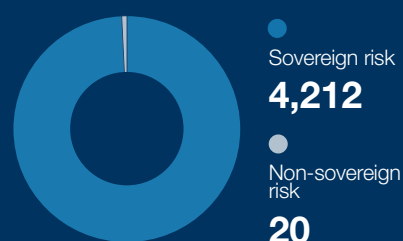
Disbursements

\$611
million



Portfolio

\$4,233
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. Support for the National Development Plan for the Water and Sanitation Sector 2021-2025**
Client: Republic of Ecuador
Amount: \$50 million
- 2. Program to Decrease Chronic Child Malnutrition under a Performance-based Budget Approach (PbB), Phase II**
Client: Republic of Ecuador
Amount: \$30 million
- 3. Productive reactivation, Social Protection, and Sustainability of Public Finances Program 2021-2025**
Client: Republic of Ecuador
Amount: \$50 million
- 4. Support operation for the implementation of the National Development Plan in the education sector 2021-2025**
Client: Republic of Ecuador
Amount: \$30 million
- 5. Sector-wide Approach Program for roads, irrigation water and provincial drainage**
Client: Republic of Ecuador
Amount: \$8 million
- 6. Comprehensive Program for roadways, mobility, drinking water and sewerage in the urban sector of the city of Guayaquil**
Client: Very Illustrious Municipality of Guayaquil
Amount: \$29 million
- 7. Cantón La Libertad Urban Infrastructure Program**
Client: G. A. D. Municipality of La Libertad
Amount: \$27 million
- 8. Microfinance Program through credit unions (COAC [nuevo modelo arquitectónico de infraestructura educativa])**
Client: Corporación Nacional de Finanzas Populares y Solidarias [National Corporation for Popular and Solidarity Finance] (Conafips)
Amount: \$75 million
- 9. Sector-wide Approach Support Program to address biodiversity, climate change and environmental management**
Client: Republic of Ecuador
Amount: \$250 million
- 10. New Education Infrastructure Architectural Model (NMAIE [nuevo modelo arquitectónico de infraestructura educativa]) Program**
Client: Republic of Ecuador
Amount: \$20 million
- 11. Support Program for the reconstruction of Manabí and Esmeraldas**
Client: Republic of Ecuador
Amount: \$100 million
- 12. Sustainable Development Program in urban and hydrosanitary infrastructure to combat the effects of climate change**
Client: G. A. D. Municipality of Chone
Amount: \$30 million
- 13. Cantón Samborondón Comprehensive Sustainable Development Program for services infrastructure**
Client: G. A. D. Municipality of Samborondón
Amount: \$26 million
- 14. Cantón Daule Comprehensive Urban Development Program**
Client: G. A. D. Municipality of Daule
Amount: \$35 million
- 15. Credit line**
Client: Banco de la Produccion – Prodebanco
Amount: \$34 million
- 16. Credit line**
Client: Banco Bolivariano
Amount: \$35 million
- 17. Uncommitted revolving credit line**
Client: Banco Internacional
Amount: \$35 million
- 18. Uncommitted revolving credit line**
Client: Banco Pichincha
Amount: \$45 million
- 19. Uncommitted revolving credit line**
Client: Banco del Pacifico
Amount: \$20 million
- 20. Uncommitted revolving credit line**
Client: Banco de Guayaquil
Amount: \$35 million



El Salvador

On December 7, 2021, the Republic of El Salvador signed the Adhesion Agreement to become a CAF Member Country. In this regard, after complying with the established conditions, it became the first country to join directly as a full member of the bank, approved in March 2022 within the framework of CAF's XX Extraordinary Meeting of Shareholders.

For its part, the Legislative Assembly of the Republic of El Salvador approved in May 2022 the country's accession to CAF's Articles of Agreement.

In July 2022, El Salvador completed all steps to join CAF. Therefore, it was already able to participate as a full member in the Board of Directors' meeting on July 19, 2022.

During 2022, CAF positioned itself as a strategic ally of the government of El Salvador, considering the responsiveness to address budget support issues through the approval of 3 credit operations in the sectors of health, education and transportation infrastructure resilient to climate change.

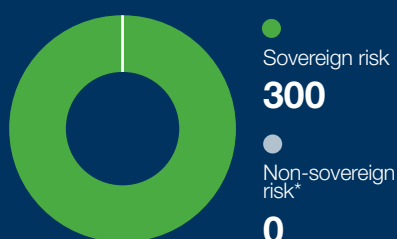
Additionally, the development of the green agenda with emphasis on institutional strengthening and catalyzing third-party resources was highlighted through the following initiatives:

- CAF acts as an implementing agency before the GEF of the project "Building resilient coffee landscapes in El Salvador that support biodiversity, water production and local livelihoods".
- CAF acts as a delivery partner before the GCF for the "Building the El Salvador Climate Investment Roadmap for sustainable, low-carbon, climate-resilient development" readiness project.
- A consultancy was worked on for the construction of the "Urban Logistics Road Sheet for San Salvador", within the framework of LOGUS.
- A donation of \$250,000 was managed to support the emergency situation generated by hurricane "Julia" in El Salvador.

In figures

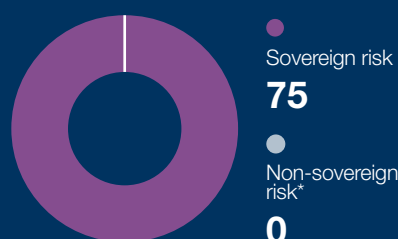
Approvals

\$300
million



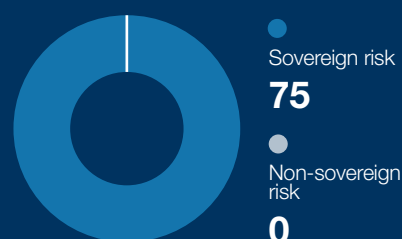
Disbursements

\$75
million



Portfolio

\$75
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. El Salvador sectoral healthcare support loan in the context of the COVID-19 pandemic**
Client: Republic of El Salvador
Amount: \$75 million
- 2. Sectoral Program to Support Road Infrastructure Resilient to Climate Change**
Client: Republic of El Salvador
Amount: \$75 million
- 3. Sectoral Support Program to equip and train teachers on technology and innovation, and to reduce the digital divide for learning in El Salvador**
Client: Republic of El Salvador
Amount: \$150 million



Raising of the El Salvador flag at CAF Headquarters, Caracas, corresponding to the country's joining in 2022.



Mexico

CAF has outlined a strategy in Mexico prioritizing project support initiatives for the economic development of the southern/southeastern portion of the country and northern Central America. conceived as an undivided economic region, which allows us to achieve the social capitalization of infrastructure to create conditions for the well being of the population, promotion and strengthening of private investment, mobilization of private sector resources and financial allies for the development and schemes of public-private associations, and the identifying of mechanisms to channel financing to federative entities and municipalities with the aim of boosting local productive public investment.

CAF plays a significant role in supporting the venture capital industry in Mexico through fund investments, with an emphasis on promoting the entrepreneurial ecosystem and business development for small and medium-sized businesses.

Additionally, CAF provides substantial support through the granting of revolving credit lines in favor of development banking institutions: 1) National Financing

House (NAFIN [Nacional Financiera]), focused on driving the growth of the strategic sectors of the country's economic activity and facilitating access to financing and other business development services to micro, small and medium-sized businesses 2) National Bank of Foreign Trade (Bancomext [Banco Nacional de Comercio Exterior]), specialised in financing companies that participate in Mexican foreign trade; and 3) to the public trust Special Fund for Agricultural Financing (FEFA [Fondo Especial para Financiamientos Agropecuarios]), dedicated to granting credit, guarantees, training and technical support for the agricultural, rural and fisheries sectors in Mexico. Additionally, in order to help with the management of the liquidity levels of the Federal Electricity Commission (CFE [Comisión Federal de Electricidad]), a financing of \$200 million was subscribed to and disbursed, approved within the framework of the regional anticyclical support facility for public service providers for \$1.2 billion.

During 2022, five non-refundable technical cooperation operations were approved, with the supporting of the

CFE in the development of its technology adoption strategy and energy storage systems demonstration projects being notable; and a sponsorship for the UNESCO World Conference on Cultural Policies and Sustainable Development (Mondiacult 2022), that took place in Mexico City, and which allowed CAF to be positioned as a strategic ally and regional reference in public policy for the contribution of the cultural and creative sector in inclusive sustainable development.

In figures

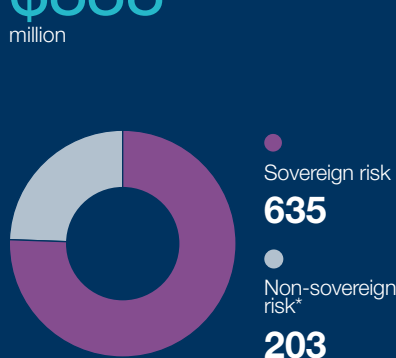
Approvals

\$800
million



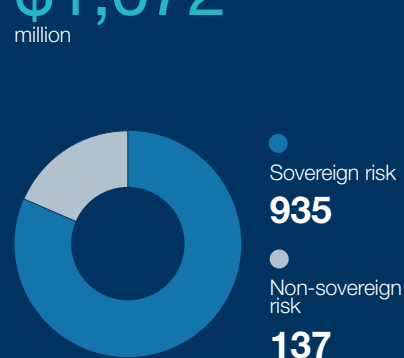
Disbursements

\$838
million



Portfolio

\$1,072
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

1. Credit line

Client: NAFIN
Amount: \$300 million

2. Credit line

Client: Bancomext
Amount: \$200 million

3. Credit line

Client: Special Fund
for Agricultural Financing -
FEFA [Fondo Especial para
Financiamientos Agropecuarios]
Amount: \$100 million

4. CFE public company line

Client: Federal Electricity
Commission (Comisión Federal
de Electricidad, CFE)
Amount: \$200 million



Panama

CAF's strategy focuses on supporting the country with technical assistance and funding projects that contribute to greater social and territorial cohesion in the country, with an emphasis on supporting national climate change policy, regional integration initiatives for its diplomacy, the challenge of digital transformation, promoting greater regional trade, the consolidation of logistics hubs for cargo and passengers, basic service level improvements, improved diversification of its production matrix, support for the private sector, actions for greater social inclusion, gender equality and diversity, institutional strengthening and governance schemes for greater efficiency and coordination between the public and private sector.

The approvals for the year highlighted a loan for the Sector-Wide Approach Program to Support Panama's Climate Change and Sustainability Policy, for a total of \$320 million, focused on the implementation of public policies and initiatives of the 2050 National Climate Change Plan and its established roadmap. It aims to move Panama towards a low-carbon economy with mitigation and adaptation actions,

maintaining the balance among economic growth, social integration and environmental management in furtherance of the achievement of the Sustainable Development Goals. In addition to this support, CAF coordinated the catalyzation of an additional \$120 million from the OPEC Fund, aimed at recognizing the country's climate change policy efforts.

Additionally, resources were directed for the ITSE Phase II Project for a total amount of \$75 million for the consolidation of the academic, institutional and governance model of Panama's first third-level national technical education institute.

In the financial sector, lines of credit for \$180 million were renewed, where the lines of financing for foreign trade, agro-industry and productive micro-finance operations stand out.

In addition, with Green Climate Fund (GCF) funds, \$9.8 million in resources were catalyzed for the Regional E-Motion Program: Electric Mobility and Low Carbon Transportation, which will seek to accelerate the deployment of

electric vehicles through a paradigm shift of urban mobility and close the gap between pilot projects and the region's long-term goals.

With resources from the Korea EximBank, \$250,000 were catalyzed for technical accompaniment for the Public Management of the Forestry Productive Sector in Panama.

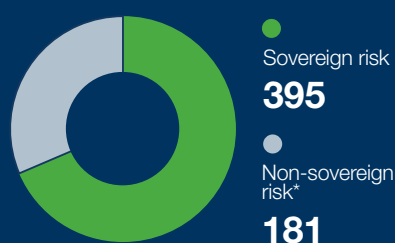
During the year, a total of 99 technical cooperation operations were approved for an amount of \$1 million, intended to support government actions in response to the economic reactivation, to climate change, the country's social and territorial inclusion with a gender and equality perspective, through important studies and innovative initiatives to address major future challenges in topics such as education, tourism, carbon market, and agriculture, as well as the strengthening of public and private sector capabilities.

It also highlights the approval of \$98,000 to accompany CAF's strategy to be the green bank and bank of the economic reactivation through territorial development.

In figures

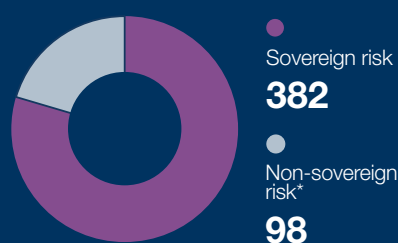
Approvals

\$576
million



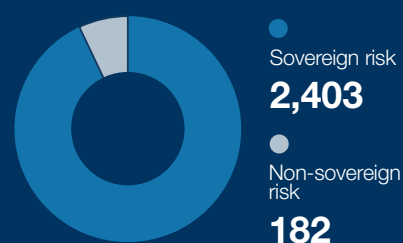
Disbursements

\$480
million



Portfolio

\$2,584
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. National Climate Change Policy Support Program**
Client: Republic of Panama
Amount: \$320 million
- 2. Project implementation of the Specialized Superior Technical Institute - ITSE [Instituto Técnico Superior Especializado], Phase II**
Client: Republic of Panama
Amount: \$75 million
- 3. Credit line**
Client: Credicorp Bank S.A.
Amount: \$25 million
- 4. Credit line**
Client: Multibank Inc.
Amount: \$50 million
- 5. Credit line**
Client: Banistmo SA
Amount: \$25 million
- 6. Credit line**
Client: Global Bank Corporation
Amount: \$50 million
- 7. Credit line**
Client: Banco Davivienda S.A. - Panama
Amount: \$30 million



Paraguay

CAF’s strategy aims to contribute with a high impact on the country’s development, mainly through interventions that allow the strengthening of the productive environment, the mitigation of climate change and the maintenance of macroeconomic stability.

With respect to sovereign approvals, 2022 was marked by the consolidation of support for the post-pandemic economic reactivation and by a significant boost to the environmental protection and climate change mitigation agenda.

The Contingent Liquidity Line of Credit was renewed, a fundamental instrument for dealing with risks of external macroeconomic shocks. The first PBL in Paraguay was approved with a matrix focused on environmental issues and also had co-financing from the OPEC Fund for International Development; a significant sanitation loan in the Metropolitan Area of Asunción; and a SWAP sovereign loan for the National Electricity Administration, ANDE [Administración Nacional de Electricidad], to improve the quality of electricity service based on a 100% renewable generation matrix.

In addition, uncommitted lines of credit were approved for a local development bank (AFD) and private banking, with the aim of financing the renewable energy sector, agro-industry and small and medium-sized companies. In 2022, the first unsecured sovereign investment in the forestry sector in the company SilviPar was approved.

Several technical cooperations were approved for topics such as the Congress of Economists, institutional support for the Ministry of Finance and the AFD, water service for isolated indigenous communities, promotion of gender equality and leadership for girls and adolescents, and support for the implementation of the National Innovation Strategy, among others.

2022 disbursements are \$620 million, of which \$392 million are loans and investment projects, \$200 million for a budget support loan and \$27 million to the private sector. The performance of the investment loan portfolio in Paraguay is remarkable, which has a high impact on internal connectivity and regional integration and on the quality of electricity service with a 100% renewable generation matrix.

Finally, the approval of the E-Motion Program (CAF and GCF co-financing) is highlighted, where Paraguay will be one of the three beneficiary countries and which will allow, in the medium term, the implementation of about 300 electric buses.

In figures

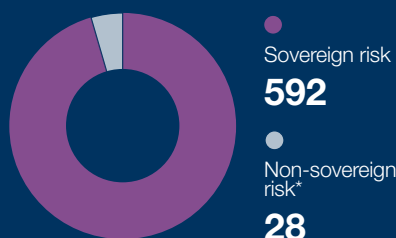
Approvals

\$1,138
million



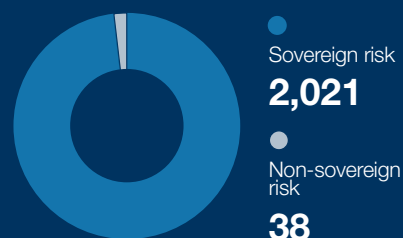
Disbursements

\$620
million



Portfolio

\$2,059
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. Support Program for the strengthening of fiscal policy and improvement of public expenditure**
Client: Republic of Paraguay
Amount: \$100 million
- 2. Project for the construction of the sanitary sewage system, wastewater treatment plant and improvement of the potable water system of the Mariano Roque Alonso Basin**
Client: Republic of Paraguay
Amount: \$160 million
- 3. Uncommitted contingent and non-revolving liquidity**
Client: Republic of Paraguay
Amount: \$300 million
- 4. Budgetary support loan for sustainable development of the Republic of Paraguay**
Client: Republic of Paraguay
Amount: \$300 million
- 5. Support Program for the development of the Paraguayan electricity sector - ANDE**
Client: Republic of Paraguay
Amount: \$100 million
- 6. Fondo SA Impact Forestry Fund- Asset Investment**
Client: Fondo SA Impact Forestry Fund
Amount: \$15 million
- 7. Credit line**
Client: Agencia Financiera de Desarrollo [Financial Development Agency] (AFD)
Amount: \$50 million
- 8. Credit line**
Client: Bancop - Banco para la Comercialización y la Producción S.A.
Amount: \$12 million
- 9. Uncommitted revolving line of credit with disbursement (operation included within the Regional Anticyclical Support Program for microfinance companies in response to COVID-19).**
Client: Banco Nacional de Fomento
Amount: \$50 million
- 10. Credit line**
Client: Banco Continental S.A.E.C.A.
Amount: \$30 million
- 11. Credit line**
Client: Sudameris Bank S.A.E.C.A.
Amount: \$20 million



Peru

CAF's intervention in Peru integrates the institution's corporate strategy, the government plan and the country's primary development challenges, where four lines of intervention are combined: 1) infrastructure, 2) agricultural development, 3) education for inclusion, and 4) strengthening SMEs. To develop the aforementioned lines of action, the objective has been to position CAF as a strategic ally in development projects and to promote CAF's renewed strategy such as the green bank, inclusion and economic reactivation in the region.

In 2022, \$2.4 billion were authorized for Peru. Among these approvals was a PBL of \$500 million for support in sustainable economic reactivation; two contingent lines were renewed, the first for \$400 million focused on supporting the country's fiscal sustainability, and the second for \$300 million dedicated to response to disasters caused by natural phenomena; an operation for \$150 million was approved to promote the expansion of the home natural gas network in Lima and Callao, project led by the Calidda company; and \$1.1 billion for banks, redirecting the use of credit lines in context of the country's SME service. In addition, priority operations were identified in sectors of interest such

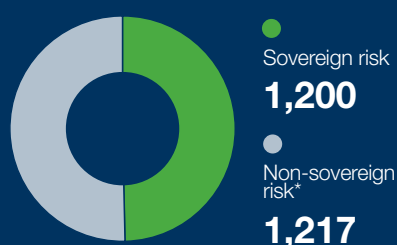
as irrigation, educational infrastructure, digitalization of the tourism sector, development of mass transport systems in the inland cities, and support to the Impulso Perú [Boost Peru] plan for economic reactivation.

With respect to technical cooperation, it plans to assist the government in the transition of new subnational authorities starting their term in January 2023, through a training program focused on public management for more than 800 officials. In addition, the tracking of the execution of the national financial inclusion strategy continued to be supported by a national survey that will measure the progress made in 2022 after the pandemic.

In figures

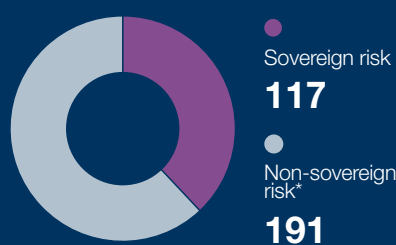
Approvals

\$2,417
million



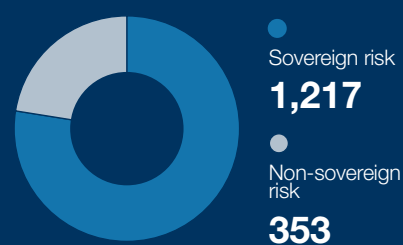
Disbursements

\$308
million



Portfolio

\$1,569
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. Liquidity contingent line of credit**
Client: Republic of Peru
Amount: \$400 million
- 2. Gas Natural de Lima y Callao S.A. (CÁLIDDA) facility linked to sustainability**
Client: Gas Natural de Lima y Callao S.A.
Amount: \$150 million
- 3. Contingent loan in the framework of the post-COVID-19 sustainable reactivation of Peru**
Client: Republic of Peru
Amount: \$500 million
- 4. Natural phenomena disaster response LCC**
Client: Republic of Peru
Amount: \$300 million
- 5. Credit line**
Client: Scotiabank
Amount: \$250 million
- 6. Credit line**
Client: CMAC Huancayo S.A.
Amount: \$10 million
- 7. Credit line**
Client: CMAC Arequipa S.A.
Amount: \$15 million
- 8. Credit line**
Client: Banco Interamericano de Finanzas
Amount: \$50 million
- 9. Credit line**
Client: Corporación Financiera de Desarrollo – Cofide
Amount: \$200 million
- 10. Credit line**
Client: Banco de Crédito
Amount: \$200 million
- 11. Credit line**
Client: Interbank
Amount: \$75 million
- 12. Credit line**
Client: BBVA Continental
Amount: \$250 million
- 13. Credit line**
Client: Financiera Confianza S.A.
Amount: \$15 million



Portugal

At the institutional level, relations with the government of Portugal were strengthened, with the first official visit of CAF's Executive President and Senior Management in November 2022, establishing strategic alliances with the Institute for the Promotion of Latin America and the Caribbean (IPDAL [Instituto para a Promoção da América Latina e Caraíbas]), the Latin American House of Lisbon and the Agency for Foreign Investment and Trade in Portugal; and significant positioning and experience sharing initiatives, including: participation in the "United Nations Oceans Conference in Lisbon", with the announcement of the Oceans Pledge for \$1.25 billion over the next 5 years, the organization of the first CAF Conference in Lisbon "Together for Sustainable Development", with the participation of senior representatives of the Portuguese government; the submission of the RED 2021 report in the Literary Guild of Lisbon, and the opportunity workshop in Latin America with the Planning, Strategy, Evaluation and International Relations Office (GPEARI [Gabinete de Planeamento, Estratégia, Avaliação e Relações Internacionais]) and AICEP, among others.

It also highlights the celebration of the first technical missions in sustainable live tourism and water and sanitation, in which representatives of the ministries of tourism and environment, promoting agencies, and water and sanitation companies from Colombia, El Salvador, Peru, Panama, Paraguay, Ecuador, Dominican Republic and Uruguay participated, to learn firsthand about the Portuguese experience in these sectors and to explore opportunities for collaboration.

This increased positioning in Portugal during 2022 has allowed the approval of the technical cooperation project for assistance between sanitation operators in Portugal and Argentina, working hand in hand with the Portuguese tourism sector to identify collaboration opportunities for the strengthening of the capabilities of officials in LAC, among others.



At the Ocean Summit, held in Portugal, CAF made a pledge for \$1.25 billion to promote the blue economy, preserve oceans health, and increase value chains for fishing and tourism in coastal areas.



Spain

In 2022, CAF and Spain celebrated the 20th anniversary of their having been admitted to the institution and more than 60 initiatives were carried out to promote the exchange of knowledge and good practices, highlighting the celebration of the “Europe/Latin America” Conference. Alliances for sustainable recovery”, the XX edition of the “Economists’ Meeting” organized with the SEGIB, the presentation of the RED 2021 report at the Casa de América in Madrid; the VIII “Latin America – Spain Water Dialogues”, the CAF/Banco de España forums on economic perspectives, fellowship breakfasts on the situation and macroeconomic perspectives of Latin America and Europe; the “Future in Spanish” forum in Murcia, among others. During the year, more than 45 ALC representatives participated in technical missions and initiatives in order to exchange experiences with Spain.

During the year, the agreement with Telefónica was renewed in order to foster digitalization in the region. New working alliances were established with the National Organization of Spanish Blindness (ONCE [Organización Nacional de Ciegos Españoles]) to promote the inclusion of vulnerable people with disabilities in the LAC region; with the Organization of Ibero-American States for Education, Science and Culture (OEI

[Organización de Estados Iberoamericanos para la Educación, la Ciencia y la Cultura]) to support digital transformation in the region’s public education administrations, with the Spanish Chamber of Commerce in order to facilitate the promotion and development of projects, the promotion of opportunities in Latin America and the Caribbean, and the exchange of knowledge and experiences; with the IE University to support the activities of the IE Latin American Political and Economic Observatory, among others.

With regard to operations, CAF approved a technical cooperation to support the General Directorate of Water as permanent technical secretariat of the Ibero-American Conference of Water Directors (CODIA [Conferencia Iberoamericana de Directores de Agua]) for initiatives to facilitate compliance with SDG 6.3 on water quality and treatment. It also made an equity investment in Unblur S.L, a Spanish govtech which offers digital solutions to governments and public organizations and facilitates accelerated and improved decision making during disaster and emergency response scenarios.

It is appropriate to highlight CAF’s positioning as LAC’s strategic partner for Spain’s 2023 presidency of the EU, which will lead to the holding of the first joint LAC and EU economy and finance ministers’ meeting in September next year.

In figures



Approximate figures for graphical purposes.



Approvals

1. **Direct equity investment, Unblur S.L./FIDE**
Client: Unblur, S.L.
Amount: 0.4 million



Nadia Calviño, vice president of Spain, and Sergio Díaz-Granados, president of CAF, CAF, in the announcement of the first Summit of Latin America and the European Union Ministers of Economy and Finance.



Trinidad and Tobago

In 2022, CAF's strategy in Trinidad and Tobago promoted the development of economic and social infrastructure, productive diversification and modernization of education. Cross-functional, institutional action impacted digital transformation and strengthening the country's capabilities to adapt to climate change. The approval of sector-wide approach programs to support the digital transformation and inclusion strategy and to strengthen the national health system was highlighted. Additionally, the flood drainage and mitigation program was launched, which will address one of the most important climate threats for the inhabitants of the island of Trinidad, and which will be supplemented with resources from the United Nations Adaptation Fund, with CAF in the role of implementing agency, aimed at one of the areas most vulnerable to flooding, South Oropouche.

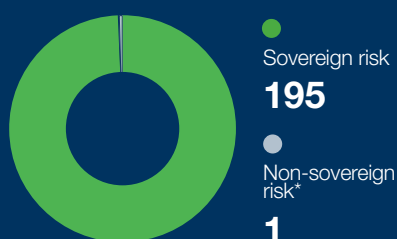
project approved for transfer pricing control; 3) the productive sector, through a pilot project that seeks to strengthen the competitiveness of agricultural value chains and to provide technical assistance to improve the capabilities of the Eximbank T&T for the benefit of the export sector. In addition, new technical cooperations were approved to provide advice on the corporate governance of public companies and the development of National Transportation Policy.

CAF also provided technical cooperation in 1) the educational field, for the design of a Spanish instructional improvement program in the school system and for the digitization of school texts; 2) tax administration, with advice for digitalization of tax payments and a new

In figures

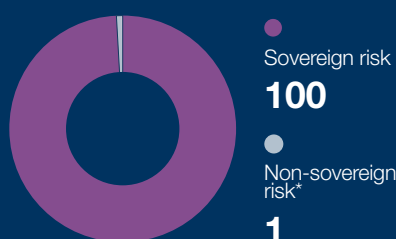
Approvals

\$196
million



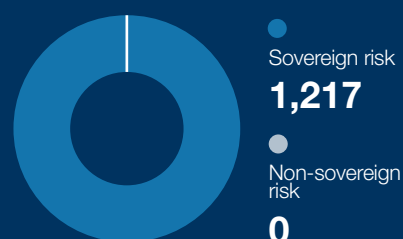
Disbursements

\$101
million



Portfolio

\$1,217
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

1. **Secto-wide Approach Program to support the implementation of the digital transformation and inclusion strategy in Trinidad and Tobago**

Client: Republic of Trinidad and Tobago
Amount: \$120 million

2. **Sector-wide Approach loan for the Support and Sector Strengthening Program of health systems in the framework of the COVID-19 pandemic in Trinidad and Tobago**

Client: Republic of Trinidad and Tobago
Amount: \$75 million



Sergio Díaz-Granados, Executive President of CAF, and Keith Rowley, Prime Minister of Trinidad and Tobago.



Uruguay

CAF's strategy in Uruguay is primarily focused on the following areas: (1) Macroeconomic stability as a requirement for driving sustainable growth, (2) Infrastructure logistics and services to increase productivity and export development; and (3) Equity, education and professional training.

Approvals for the sovereign sector include: 1) the renewal of the Contingent Liquidity Line of Credit for \$750 million, 2) the approval of \$28 million directed to the Kennedy Settlement Relocation Program. With the latter, the aim is to improve the living conditions for the inhabitants of the Kennedy settlement through their real accommodation in a new environment equipped with basic services and decent housing, contributing to the eradication of irregular settlements in Uruguay.

In relation to the non-sovereign sector, a credit facility was approved for Banco Hipotecario del Uruguay (BHU) for \$50 million for liquidity operations, with a sub-limit of up to \$25 million that can be applied to energy efficiency operations. Additionally, CAF's Equity Investment in fund IV created by CAF AM Administradora de Activos Uruguay S.A. was approved, for \$10 million.

For the Canelones Government, a long-term loan without sovereign guarantee, for \$12 million, was approved, intended to carry out civil works in the department.

In technical cooperations, \$738 million were approved aimed mainly at the attention of the vulnerable population, the health system, the inclusion of green hydrogen in the energy sector and its adaptability to UTE's market, as well as the analysis of environmental aspects related to the use of water resources in the production of green hydrogen.

In figures

Approvals

\$851
million



Disbursements

\$182
million



Portfolio

\$969
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. CAF equity investment in the financial trust debt fund for infrastructure in Uruguay IV CAF-AM (“Fund IV CAFAM”)**
Client: Financial Trust Debt Fund for Infrastructure in Uruguay IV CAF-AM (“Fund IV CAFAM”)
Amount: \$10 million
- 2. Non-pledged revolving line of credit**
Client: Banco Hipotecario del Uruguay (BHU), Uruguay
Amount: \$50 million
- 3. Non-pledged revolving line of credit**
Client: The Oriental Republic of Uruguay
Amount: \$750 million
- 4. Public Space Improvement and Sustainable Mobility Program for Canelones**
Client: Canelones Government Trust
Amount: \$12 million
- 5. Kennedy Settlement Relocation Program**
Client: Banco de la República Oriental del Uruguay
Amount: \$28 million



Venezuela

CAF continued to support the execution of investment programs and projects in the potable water and sanitation sectors, accompanying rehabilitation works in potable water and wastewater treatment plants, as well as in the development of flow recovery projects and improvements to distribution networks. The commercial management system has also been approved for all regional hydrological companies, highlighting the implementation of a data center at Hidroven.

In the area of hydrometeorology, the adaptation work of the electronics and calibration laboratory was highlighted. The new equipment for state-of-the-art hydrometeorological stations and systems has allowed the implementation and modernization of the Hydrometeorological Early Warning System, with the primary activity being risk management and mitigation, in the face of adverse and severe Climate Change events. This modernization, thanks to the work in conjunction with CAF, has allowed the country to consolidate as a hydrometeorological information center and reference body for this matter in the Andean region.

Projects underway are accompanied by technical cooperation resources aimed at diagnosis, solution design and institutional strengthening.

In relation to technical cooperation initiatives, in conjunction with the United Nations Program, WASH operations and nutrition were funded in schools and communities, which will benefit more than 15,000 people, among children, adolescents and pregnant women in areas of high vulnerability in Caracas, Maracaibo and the western part of the Bolívar state.

Additionally, through technical cooperation resources, it has been promoted to accompany the strengthening of institutional management in Venezuela, seeking to consolidate CAF's strategic positioning in the country, promoting sustainable economic reactivation with the participation of private sector actors.

In the last quarter of the year, the restoration of binational relationships between Colombia and Venezuela, the organization of meeting events and the role of CAF as a channel to discuss

the various aspects of binational integration and to identify instruments which contribute to this process being effective between both countries stand out.

In figures

Approvals

\$1
million



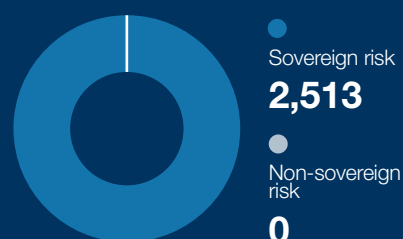
Disbursements

\$28
million



Portfolio

\$2,513
million



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



CAF announced a new alliance with the Simón Bolívar National System of Youth and Children's Orchestras and Choirs of Venezuela



Multinational operations

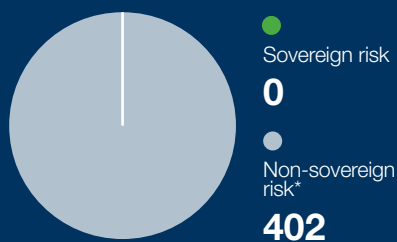


In 2022, CAF renewed the lines of credit of: Corporación Interamericana para el Financiamiento de Infraestructura S.A. (CIFI); the Banco de Desarrollo Fonplata and Banco Latinoamericano de Comercio Exterior (Bladex), intended to finance trade and working capital operations.

In figures

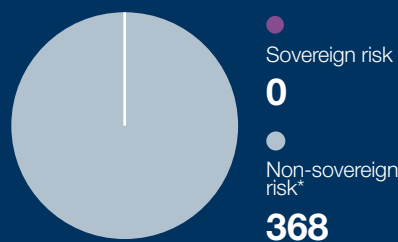
Approvals

\$402
million



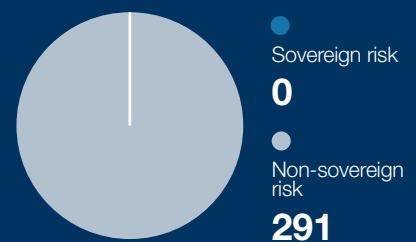
Disbursements

\$368
billion



Portfolio

\$291
billion



*Approvals and disbursements include technical cooperation funds. Approximate figures for graphical purposes.



Approvals

- 1. Equity investment - FIDE**
Client: Vikua, INC
Amount: \$0.3 million
- 2. Credit line**
Client: Banco Latinoamericano de Comercio Exterior (Bladex)
Amount: \$150 million
- 3. Credit line**
Client: Fonplata Development Bank
Amount: \$150 million
- 4. Credit line**
Client: Corporación Interamericana para el Financiamiento de Infraestructura S.A. (CIFI):
\$15 million
- 5. Credit line**
Client: Fonplata Development Bank
Amount: \$75 million





Comprehensive development agenda

- 114 Transportation, energy, regional integration, logistics and digital transformation infrastructure
- 118 Urban development, water and creative economies
- 121 Education
- 123 Health and nutrition
- 125 Social innovation
- 126 Biodiversity, climate change and environmental management
- 128 Private sector
- 131 Gender, inclusion and diversity
- 134 Knowledge management



Transportation, energy, regional integration, logistics and digital transformation infrastructure

CAF's Physical Infrastructure and Digital Transformation Agenda promotes the development of functional, digital, resilient and efficient physical infrastructure. Under the new paradigm of "Sustainable Comprehensive Infrastructure", the quality and sustainability of the infrastructure are as relevant as the quantity, particularly in the areas of regional integration, logistics systems, transportation, energy efficiency and digital transformation; aligned with the CAF strategy objective of being the green bank and of the economic and social reactivation bank that promotes balanced, environmentally responsible and inclusive regional economic development. The following actions in 2022 are highlighted:

Since **roadways are** a local job generator, a loan was evaluated in Argentina for \$100 million to finance productive rural roads, which allows CAF to consolidate support for the development of rural areas through the physical connectivity of these territories, ensuring their accessibility to national corridors and their inclusion into the economic dynamics of the country. Progress was made in the development of the "Technological Solutions and Innovations for Low Transit

Road Improvement" guide, to promote the use of technologies on rural roads that optimize the management of secondary and tertiary road networks in the region, with impact on microcompanies in rural areas, for economic reactivation with inclusion, equity and diversity criteria.

Within the framework of the **energy transition agenda**, a project was approved to support the energy transition of the only Argentine province not integrated into the Argentine Interconnection System, Tierra del Fuego Province, Antarctica and the South Atlantic Islands. In Peru, a facility was approved for the public service company Gas Natural de Lima y Callao (Cálidda), seeking to contribute to the expansion of the natural gas system for the pipeline network in Lima and Callao and to improve the sustainability management of the company with the reduction of its CO₂ emissions.

The "The Energy Transition of Latin America and the Caribbean" study moved forward, which will allow us to have an updated diagnosis regarding the energy sector reality in the region's countries.



In terms of **regional integration**, six integration, logistics and trade facilitation credit operations were evaluated: one in Argentina, three in Bolivia, one in El Salvador and one in Paraguay.

Three new technical cooperations funded by the CAF PPI Program were approved for the binational projects “Support for the Concession of the São Gonçalo Canal and Border Development around Laguna Merín,” between Brazil and Uruguay; the “Bella Unión-Monte Caseros Bridge,” between Argentina and Uruguay; and the “Implementation of Modal Integration Complexes (CIM [Complejos de Integración Modal]) in Bogotá,” in Colombia.

Integration Logistics Corridor (ILC) studies and development of Regional Integration Infrastructure Profiles (PIIRs [Perfiles de Infraestructura de Integración Regional]) were initiated in Paraguay, Argentina and Bolivia. Likewise, through the Comprehensive Border Management Program (PROGIF [Programa de Gestión Integral de Fronteras]), technical assistance was provided in Tabasco-Mexico, at the Uruguay-Brazil border (Laguna Merín) and at the Colombia-Venezuela border (corn value chain study); a regional pilot study on trade facilitation (Pecomex) was also initiated.

Through the Regional Logistics Development Program (LOGRA), Logistics Roadmaps (HdRL) were prepared in Tabasco, Panama and Galápagos, and two new ones were approved in El Salvador and Eje Cafetero (Colombia). Technical support was also provided for the deployment of the Sustainable Urban Logistics Program (LOGUS [Logística Urbana Sostenible]).

Within the framework of the Alliance for the Integration of Latin America and the Caribbean (ILAT [Alianza por la Integración y el Desarrollo de América Latina y el Caribe]), the Regional Air Cargo study was completed and the tool for comprehensive accompaniment for the integration projects was prepared.

The **digital transformation agenda** was renewed, focused on five strategic axes: inclusion, digital economy and governance, digitalization for the green agenda and for smart cities and territories, and all of them supported in CAF’s contribution to the development of digital and data infrastructures and the use of technologies for the modernization of regulatory and policy frameworks.

To continue supporting the universalization of Internet access, the digital transformation and digital inclusion, and the digitalization of the state, a loan was approved for Trinidad and Tobago of \$120 million. Meanwhile, in Panama the feasibility study was completed in coordination with the (AIG [(Autoridad Nacional para la Innovación Gubernamental) National Authority for Governmental Innovation]) for a 100% digital coverage program.

At the sub-national level, the progress in the initiatives to deploy digital infrastructure for the intelligent management of the territories where the Sustainable Municipalities of Pará and the Salvador Proquali urban reclassification program is noteworthy.

On the other hand, the design of the roadmaps was successfully completed to promote the digitalization of production chains in Ecuador.

With the United Nations International Telecommunication Union, progress was made in the regional initiative to bridge the digital divide with models of community Internet access networks, in a joint effort with the ISOC [Internet Society].

A partnership has been created between CAF and UNESCO to create a regional Artificial Intelligence (AI) governance body, known as the “Regional Council for Implementing the Recommendation on the Ethics of AI in Latin America and the Caribbean.”

The quality and sustainability of the infrastructure are as relevant as the quantity, particularly in the areas of regional integration, logistics systems, transportation, energy efficiency and digital transformation.

CAF-funded physical integration projects in the last 26 years

Composition as of 2022

Logistics infrastructure

\$10.64 billion

81 projects

Feasibility

\$9.24 billion

63 projects

Logistics hubs

\$402 billion

6 projects

Railway

\$913 billion

8 projects

Waterway

\$44 billion

3 projects

Air

\$40 billion

1 project

Energy

\$2.14 billion

13 projects

Electricity transmission

\$903 billion

6 projects

Generation

\$808 billion

4 projects

Gas

\$429 billion

3 projects

Telecommunications

\$258 million

2 projects

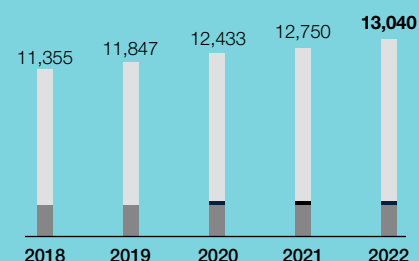
Telecommunications

\$258 billion

2 projects

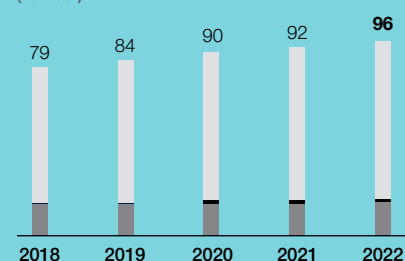
CAF's contributions

(in million of \$)



Projects

(number)



● Logistics

● Energy

● Telecommunications

Credit operations with integration components approved in 2022

ARGENTINA

Productive Rural Roadways

The Program's overall purpose is to contribute to the connectivity of productive rural roads of the Provincial Road Network (RVP [Red Vial Provincial]) and the Municipal Road Network (RVM [Red Vial Municipal]), facilitating the territorial integration of the country and federal connectivity.

BOLIVIA

Escoma-Charazani Roadway: section 1 Escoma-Pacobamba

The purpose of the operation is to consolidate the road connection with the north of the country and to continue the investments made in recent years.

La Joya-Chuquichambi, Huayllamarca-Totora Roadway and La Joya and Crucero vehicle bridges at RVF 031

The objective of the operation is to improve productivity and promote national and regional economic integration with international linkage in the department of Oruro.

Integration Bridges I

The objective of the operation is to promote the integration of the roads that make up the RVF, through the construction of bridges that strengthen the union between existing road corridors.

Contributions to development

Logistics infrastructure

36,974 km of roads

2 bridges

479 km of roads

2 CEBAF

25 radar systems

5 piers

2 terminals

12 barges

1 set of locks

Energy

3,198 km of pipeline

4,906 km of transmission line

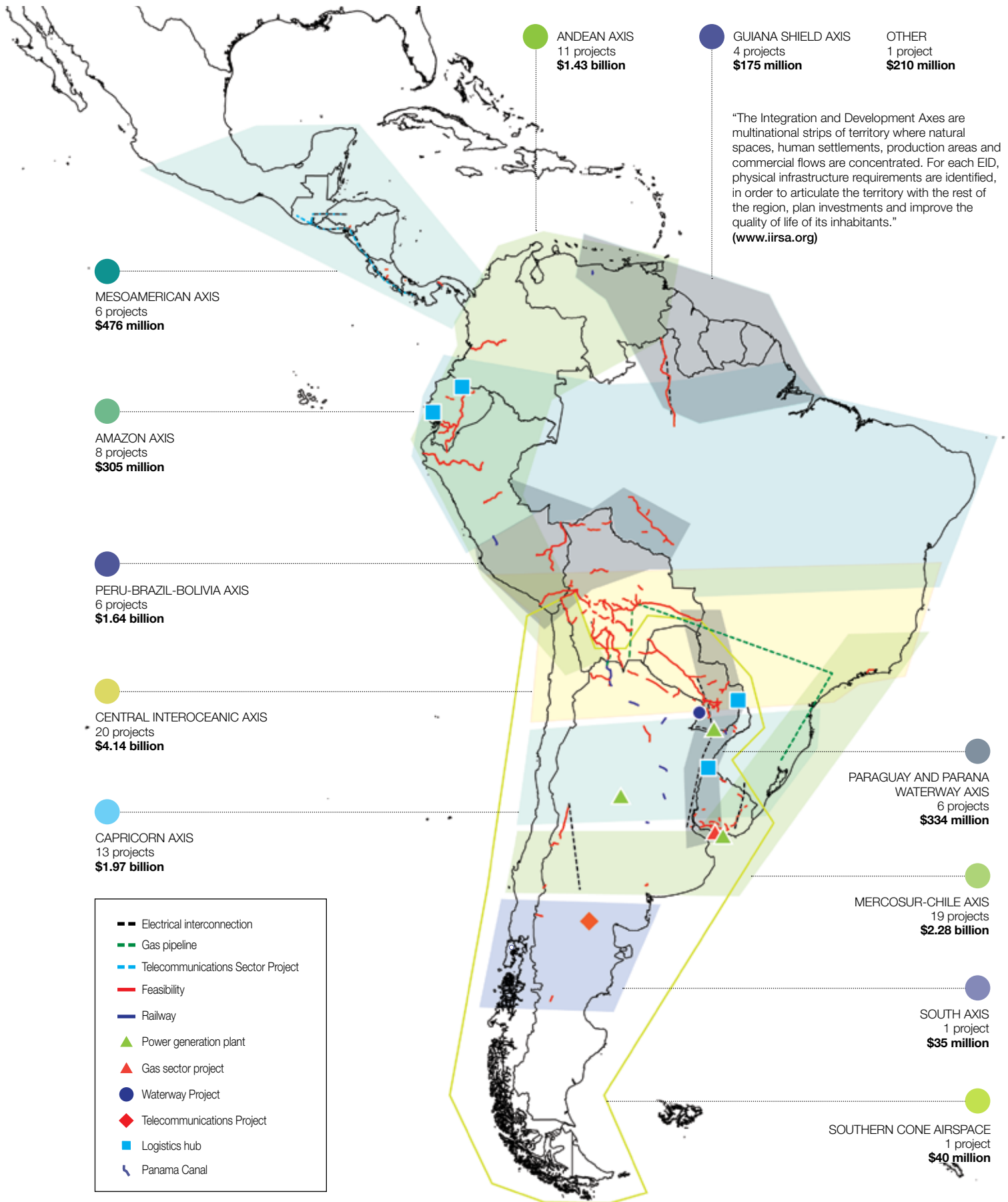
4,558 MW of installed capacity

10,000,000 m³ of production capacity

17,000,000 m³ of dredging

Telecommunications

1,800 km of cable



This map has been prepared by CAF for illustrative purposes only. Therefore, the borders, colors, denominations or other information shown do not imply any judgment on the legal situation of any territory, nor recognition of borders by the institution.



Urban development, water and creative economies

CAF's contribution to **Urban Development** is focused on supporting urban sustainability from a systemic and comprehensive perspective, focusing on urban systems, from large metropolitan population centers, to small urban/rural populations and their interaction with the environment. For its part, **Water Security** is essential in order to ensure access to water for urban and rural populations under the basin and geographic continuity approach, with equity and inclusion, as well as for productive development, environmental sustainability, and water management in the absence or excess of this resource - droughts and floods.

To strengthen the link with sub-national governments, financial and technical cooperation products were developed, which make it possible to expand the portfolio and support the generation of more inclusive, innovative and sustainable territories. New work agendas were incorporated, such as those for **Creative and Cultural Economies**, which present an opportunity for employment generation within the framework of the fourth industrial revolution, and a proposal to address the issue of human mobility with the focus on sustainable management of migration and to leverage these in order to achieve their economic development.

During 2022, 20 operations were approved¹ for \$1.5 billion in seven countries, eleven of which are with sub-national entities in Brazil, Colombia, Ecuador and Uruguay. On the other hand, two operations without sovereign guarantee (sub-national and decentralized entities) were approved; and two for creative economies in Colombia. The green funding percentage of the approvals corresponds to 59%².

The second operation with the Sao Paulo Metro (\$550 million), the fifth with AySA – Argentina (\$340 million) and the Prosperity - Colombia Program (\$1.2 billion) stand out, in which the first operation with the Atlántico departmental government was approved.

The portfolio reached \$6 billion, with 71 operations under management in 11 countries, 49% corresponding to Water Security, 39% to Urban Development and 11% to Creative Economies³.

In terms of technical cooperation, the **Water Sector Pre-Investment Program (PPSA [Programa de Preinversión del Sector Agua]) Facility was funded**, with 25 technical cooperations to date, for \$17,1 million, with \$13,9 million in bids and \$8,7 million already contracted, the initial results of which generated operations close to \$200 million, both in Paraguay, in sanitation for intermediate sized cities, such as in Trinidad and Tobago, in drainage and flood control, and the planned generation of other investment projects during the 2023-2025 period. In addition, the following are highlighted: (1) the pairing between water and sanitation operators in Spain and Portugal with three operators in the region; (2) a prospective water safety study, which establishes the investment gap required in 2030 and 2040, and (3) the use of third-party resources to increase the resilience of WASH services in pandemic situations in three countries in the region.

1 These figures do not include 4 operations evaluated in 2021 and share approval quotas with 2022.

2 Source: SOFIA Green Financing - Power BI as of September 2022.

3 SWAP \$300 million and PPI in execution of \$10 million.



On the other hand, technical assistance was provided for the revitalization of historical centers, the strengthening of observatories on housing and urban informality issues, and the updating of urban planning instruments. The generation of data with a gender perspective in the transportation sector continued, with the characterization of the mobility of women and girls in Bogota, and in the informal neighborhoods of Buenos Aires. Regional initiatives were established by catalyzing third-party resources such as E-Motion, for a large-scale transition to electric mobility in Panama, Paraguay and Uruguay, and TUMI Data – Data for Sustainable Mobility, for access and use of mobility data from non-traditional sources, with the execution of pilot programs in Brazil, Colombia, Ecuador and Mexico.

In knowledge management and strategic positioning, the leadership of the World Water Council's Finance Task Force was maintained, with the publishing of two reports of global scope. The leadership of the Water Finance Coalition, which integrates multilateral banks and national public banks from all continents, was also initiated to increase synergy, cooperation and alliances between them.



In addition, high-level panels and expert presentations were led at the IX World Water Forum, the VI LatinoSan Sanitation Conference, at World Water Week, and the organization of the VII Water Dialogues and the event “Working Together for Sustainable Development. Latin American-Portugal Relations.”

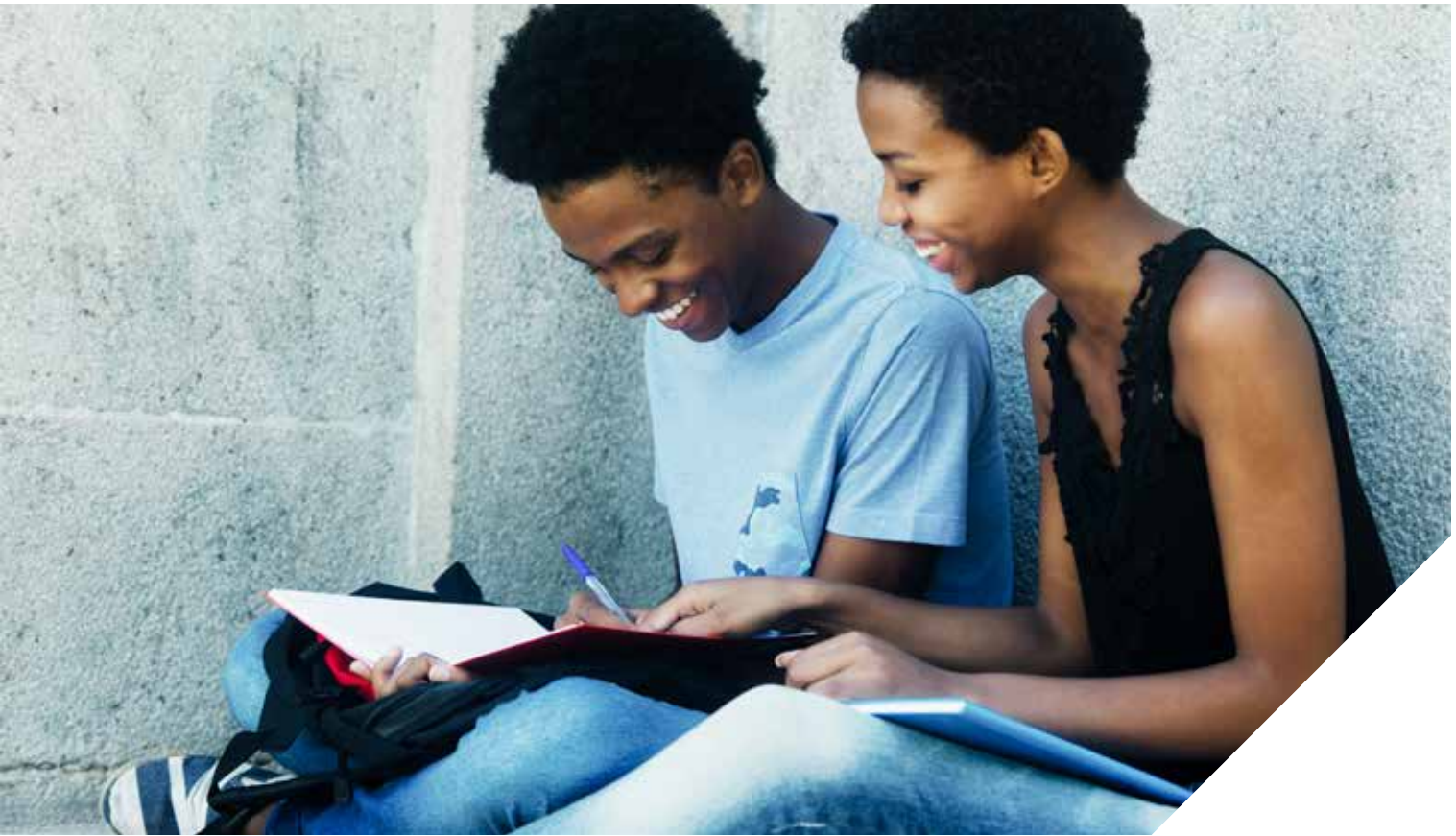
On the other hand, CAF was repositioned in regional and international scenarios, such as the XI Global Urban Forum, COP27, C40 Buenos Aires, as a relevant agent in the dissemination of knowledge on urban issues. The work with the Alexander von Humboldt Institute, TUMI, GIZ, KfW and AFD was also reinforced and the alliance with UN Habitat for the implementation of the New Urban Agenda in cities in Latin America and the Caribbean was resumed. The LOGUS 2022 competition was launched to support the implementation of pilot programs in Bogotá (Surbox) and Porto Alegre, and the formation of Comprehensive Urban Logistics Programs in Guayaquil, Cuenca, Cali, Fortaleza, Rosario and Cordoba.

In partnership with the SIMUS network, the first international meeting was held in furtherance of sustainable, safe and integrated urban logistics. In addition, there is a partnership with C40 to generate synergies promoted between actions from the cities for mitigation and adaptation to climate change.

A predominant role occupied the creation of the **Latin American and Caribbean BiodiverCities Network** that CAF drives through national and regional gatherings, such as spaces for the sharing of experiences, best practices and challenges between cities in the region. The series toured Argentina, Ecuador, the Dominican Republic, Brazil and Paraguay, with more than 119 local authorities attending, as well as representatives from the public and private sectors, civil society and academia.

Regional analysis of regulatory instruments on discharges, receiving bodies and circular economies in Latin America, which presents a regulatory analysis of 12 countries, as well as *Towards a 2030 Latin America and Caribbean Water Safety Agenda*, which captures the vision for the region’s finance and governance, and *Definition, Measurement, and Quality Management of Public Transportation in Latin America* were published; and the *Guide to Healthier Cities* was presented, a work which combines urban planning and municipal health agendas, and includes tools to promote healthier cities in accordance with the best available practices.





Education

Through the educational agenda, CAF helps in the reduction of the gaps in access, quality and relevance of education in Latin America and the Caribbean with an emphasis on the most vulnerable populations, promoting the comprehensiveness of its interventions.

In 2022, operations totaling \$282 million were approved that will contribute to the modernization of education systems, as well as to the enhancing of skills and opportunities to improve employability for young people. In Ecuador, the New Education Infrastructure Architectural Model (NMAIE [Nuevo Modelo

Arquitectónico de Infraestructura Educativa]) Program was approved, intended to benefit about 9,500 students and rehabilitate or build about 10,000 m² of educational infrastructure. Sectoral Support program to equip and train teachers on technology and innovation, and to reduce the digital divide for learning in El Salvador was approved. In Panama, Phase II of the Specialized Superior Technical Institute Project was authorized, by way of which training gaps will be reduced with respect to the needs of the productive sector, contributing to improved labor placement of graduates and productivity gains, derived from a greater accumulation of human capital.

Additionally, CAF provided support through non-reimbursable technical cooperation funds to Argentina, Brazil, Panama, Dominican

The positioning of CAF in the region was strengthened through the development of knowledge and dissemination products, and through the publication of various technical documents that cover topics related to the modernization of schools.

Republic, Trinidad and Tobago and Uruguay in terms of infrastructure, effective incorporation of technology to improve learning and management in educational systems, comprehensive early childhood care, and technical education and professional training.

The production of knowledge and dissemination products has strengthened CAF's positioning in the region. The work of the educational agenda is highlighted in the publication of various technical documents which cover topics related to the modernization of schools through the incorporation of technology, the impact of the full time schools model and experiences related to the continuity of professional training in the context of the pandemic.

Also, several events were held which facilitated capitalizing on the efforts put into the technical products and strengthening links with potential customers: technology incorporation workshop in Panama, governance of public policies, new normality in professional training institutes, OEI higher education event, workshop on an early warning model to prevent school dropouts in Mendoza, Argentina; as well as two webinars on

technology in education systems, focused on the comprehensiveness of policies and programs and the teaching of computer science in basic education. For its part, other events were held within the framework of credit operations in progress: a webinar on the evaluation carried out by CAF about Full-Time Schools in Fortaleza, Brazil, and the Theory of Change Workshop from the Back to the Classroom [Vuelta al Aula] operation, Argentina.

In terms of alliances, the work that began in 2022 and which continues with OEI in terms of digital transformation of public educational administrations, which includes a diagnosis of situation, identification of promising cases and technical assistance for countries or sub-national governments, starting in 2022 the work with the province of Jujuy (Argentina), Uruguay and the Dominican Republic. In turn, the work with UNICEF was strengthened through the execution of the technical cooperation project for the improvement of the quality of early childhood care services in Panama, which includes institutional strengthening, ongoing training for early education services and support for the implementation of flexible modalities for the extension of coverage. Finally, work continued with ILO/Cinterfor on the development of the National Qualifications Framework in Panama for the digital technologies sector.





Nutrition and health

CAF's Health and Nutrition Agenda (ASN [Agenda de Salud y Nutrición]), dependent on the Management of Social and Human Development, seeks to improve living conditions in Latin America by strengthening and modernizing health systems and promote actions aimed at food security, nutrition, and early childhood attention and care.

CAF's Health and Nutrition Agenda 2022 reorganized and expanded its focus, which means it evolved from a nutrition/malnutrition agenda (2019) to a broader and more comprehensive agenda, incorporating the experiences that the COVID-19 pandemic required us to address (2020 and 2021).

In this sense, in 2022, CAF approved five credit operations in the field of health, nutrition and food security, for a total amount of \$336 million.

CAF seeks to contribute to improving living conditions in Latin America by strengthening and modernizing health systems, promoting food security and nutrition, and early childhood attention and care.



In Argentina, support of the AlimentAR Program allowed 2.4 million families with children from households with high vulnerability and food insecurity to benefit through monetary transfers.

In Ecuador, contributions to the Children's Chronic Malnutrition Program were funded, benefiting more than 1 million children, and work was initiated for a health sector strengthening credit (PPI).

Trinidad and Tobago, as well as El Salvador, joined the COVID-19 healthcare line, with \$75 million each, under the regional facility of \$1 billion aimed at strengthening the health systems of Latin America and the Caribbean.

In Brazil, a \$56 million financing was approved for the construction and equipment of a health complex in the State of Espírito Santo, which will allow the level of care of the public health system to be improved, benefiting approximately

960,000 people. It should be noted that this intervention is representative of the CAF initiative of Comprehensive Health Programs, which address both the construction of green infrastructure, as well as the quality of services, management and patient follow-up improvement.

In Bolivia, with dynamic support from the country office, the ASN and CAF's Education Agenda, actions were initiated with the objective of promoting policies and interventions in favor of early childhood, which will assist the evolution of technical cooperation and credit operations. Significant support has been received from the Ministry of Development Planning.

In 2022, CAF approved five credit operations in health, nutrition and food security matters, for a total amount of \$336 million.

Social innovation

CAF continued to generate practical knowledge in 2022, through the trial and reinforcement of inclusive models, while arranging strategic alliances that increase the collective impact of its territorial interventions and new development paradigms.

With a **territorial focus**, social inclusion capabilities and opportunities were strengthened to contribute to job generation and vulnerable groups' access to essential services.

Productive work and well-being. Innovative and practical education models were implemented through strengthening youth skills and competencies, teachers and community leaders in four countries: in Venezuela with the Fe y Alegría [Faith and Joy] educational centers; in Colombia, with a population of African descendency from the Pacific region and with college students in Yopal; in Argentina, through spaces of dialogue and coexistence through a playful/creative artistic methodology; and in Uruguay by training rural micro-entrepreneurs on business growth strategies.

Access to essential services. Innovative models have been put in place that facilitate access to essential services, particularly in rural and peri-urban territories. In Peru, connectivity with five isolated communities in the Santiago River basin, a telemedicine network, capabilities in terms of prevention and promotion in maternal/child health, and tele-education tools for teachers and technicians in the area. In Colombia, with civil society organizations, in education and entrepreneurship, and with an intercultural room for breastfeeding, by indigenous authorities. In Peru and Uruguay, with people who are incarcerated through training in economic

and financial concepts, decision-making and business models. In Venezuela, teaching healthy eating habits for head of household mothers.

With an **ecosystem** approach, some strategic alliances were highlighted which add to the collective impact of territorial innovation interventions. In nutrition and recycling with the Baylor Foundation; in health and connectivity with the Spanish-American Health Liaison and the Spanish Cooperation and Development Agency; in 21st century skills with the Association of Faith and Joy [Asociación de Fe y Alegría]; in innovative tools for measuring and overcoming poverty with the Paraguay Foundation [Fundación Paraguaya]; in financial education and entrepreneurship with the Central Bank and the Ministry of Social Development of Uruguay. In addition, alliances were made to identify solutions to social problems, especially with the Haz Foundation, the magazine Compromiso Empresarial and with Telefónica, as well as with the platform SAS and with the Food Foundation [Fundación Alimentarios].

Social innovation knowledge management continued, with active participation in eleven events, including silver economy, food security, leadership and social capital, local development and community empowerment, inclusive mobility and community health.





Biodiversity, climate change and environmental management

CAF supports the sustainable development of member countries, with financial, technical and knowledge resources, accompanying their transition to low-carbon production models that are resilient to the impacts of climate change, and to increasing the value of their biodiversity

and natural capital necessary for the well-being of people. During 2022, CAF has reinforced its objective and commitment to become the green bank of Latin America and the Caribbean, which includes, among other aspects, that 40% of its approvals are green by 2026. For this purpose, the Climate Action and Positive Biodiversity Management Team has been created, with its main objective being to work so that all the actions of the organization itself are aligned with this new agenda, reinforcing CAF as a relevant actor in the transformation of Latin America and the Caribbean itself, towards a green region. It has focused, in particular, on the mobilization of financial resources, on the incorporation of the environmental and climate component in all CAF operations, and on the identification of new operations linked to the environmental commitments of the shareholder countries.

In terms of mobilization of climate and biodiversity resources, CAF is certified as an implementing agency by the main global funds linked to the environment and climate: The Green Climate Fund, the Global Environment Facility and The Adaptation Fund, making us a privileged ally for Latin American and Caribbean countries.

In 2022, three financing proposals were approved with the Green Climate Fund for a total of \$448.2 million, that will be co-funded by CAF and includes the promotion of a low-emission model and greater capacity to adapt to climate change in Galapagos, Ecuador; climate-smart initiatives for climate change adaptation and sustainability in agricultural production systems in Colombia; and the regional low carbon transport and electromobility program, E-Motion in Panama, Paraguay and Uruguay.

Regarding the issue of the Adaptation Fund, it is fitting to note the approval of the project for Trinidad and Tobago on multi-sectoral climate change adaptation measures in the southern Oropouche river basin, in order to reduce the impact of floods for \$10 million.

In addition, the portfolio was consolidated with the Global Environment Facility with the approval of seven projects in 2022 for an amount of \$37 million. In addition, there are twenty-four portfolio projects associated with sixteen countries aligned with the conservation and sustainable use of natural ecosystems, solutions for the management and conservation of marine and coastal ecosystems, solutions in cross-border water ecosystems, and energy efficiency solutions for agro-ecological value chains.

With respect to the international agenda, highlights include CAF's participation in Sharm El-Sheikh's COP27 on Climate Change and Montreal's COP15 on Biodiversity. At both conferences, CAF contributed to the voice of Latin America and the Caribbean being present, sharing the institution's and region's advances in topics such as the fight against drought, blue economy, migratory birds and sustainable tourism.

In terms of environmental and social management and risk analysis in CAF's operations, the processes were reinforced during the year to ensure that the funded operations are socially responsible, environmentally sustainable and climate-resilient. Among the objectives achieved are the application of local regulations and CAF's environmental and social safeguards, which take into account a series of measures aimed at preventing, mitigating and/or compensating the environmental and social risks and impacts generated by the operation, as well as promoting and enhancing opportunities for environmental and climate co-benefits.

Additionally, CAF has started to promote a new portfolio of direct financing operations in areas linked to environmental sustainability and ecosystem services that contributes to the transformation of production models. In this sense, 8 credit operations totaling \$2 billion were approved during 2022, aimed at strengthening the environmental and climate management of its shareholder countries, compliance with Nationally Determined Contributions (NDCs), disaster risk management and more sustainable and resilient agriculture.

With regard to its corporate sustainability, CAF offset its 2021 carbon footprint through the acquisition of 3,768 tCO₂ of verified coal units from the REDD+ "Brazil nut concessions" project, located in the Peruvian Amazon. On the other hand, during this year CAF improved waste management for its thirteen offices, began the definition and identification of internal sustainable purchasing criteria, and implemented awareness measures among its staff.

During 2022, CAF has reinforced its objective and commitment to become the green bank of Latin America and the Caribbean, which includes, among other aspects, that 40% of its approvals are green by 2026.



Private sector

2022 represents a major shift in CAF's activity with the region's private sector. The first Board of Directors Meeting of the year approved a strategy focused on three pillars of sustainable development, which guide all operations going forward and which fall within the framework of the bank's overall vision: the climate change economy and the green agenda, the need to increase equity and inclusion efforts in the region and the urgency for economic re-activation, in which companies, in particular micro-companies and SMEs, play a leading role.

In the private sector, resources of more than \$2.2 billion were disbursed, benefiting more than 17,200 SMEs, 9,100 companies and 50,200 micro-entrepreneurs with indirect operations through national and sub-national development banks, commercial banks and microfinance institutions. In this manner, financial intermediaries were consolidated as being our main resource placement channel and our main allies for the indicated objectives.

Among the operations for the economic recovery, the approval of new operations for \$125 million and the disbursement of loans for a total of \$360 million in favor of the development banks, under the Regional Facility of Support to Local Development Banks that was approved in 2020 are noteworthy. The Facility was extended until June 2023 due to the persistence of the negative effects from the pandemic on SMEs in the region. We also highlighted the approval of the IV CAFAM Fund in Uruguay for \$150 million to fund infrastructure projects.

As for operations that promote energy transformation in the region, we note the approval of the guarantee in favor of Brazil's BNDS in support of the construction and operation of Sao Paulo Metro Line 6, which will benefit 750,000 people per day and which will reduce the pressure from one of the primary sources of GHG in the region, with this being fossil-fuel-based mobility. Other highlights from the green agenda include the approval of an A/B credit for \$300 million in favor of Pan American Energy (Argentina), in order to support their investments aimed at mitigating climate change and strengthening SMEs which are integrated into their value chain. Also, investment

A strategy focused on three pillars of sustainable development was approved: the climate change economy and the green agenda, the need to increase the region's equity and inclusion efforts, and the urgency for economic re-activation.



totaling \$50 million in Brazil's Vinci Climate Change Funds for renewable energy project development, water and natural resources Patria de Brasil, for investments including renewable energy and telecommunications infrastructure, and the SA Impact Forestry Fund of Paraguay, for the development of a forest portfolio based on the acquisition and productive conversion of degraded and low-productivity lands in the southern part of the country.

The approval in October by the GCF of the E-Motion Program to be implemented by CAF is equally significant, with \$231 million available for strengthening the electric mobility ecosystem, technical assistance, policy advice, business model development and the development of capacities in Panama, Paraguay and Uruguay.

In terms of non-financial services and knowledge, the creation of the Latin American and Caribbean Regional Carbon Market Initiative – **ILACC** which seeks to promote the development of the voluntary market, covering things like capacity building, regulation, incentives, transparency mechanisms, project financing and co-financing, distribution of resources and access to markets, contributing to a successful supplier-buyer relationship globally of carbon credits generated in the region is noteworthy. Financial advisory work includes the support of the Chongón-Santa Elena and Progreso-General Villamil Beaches Road System Project, with a total length of 131.85 km, located in the provinces of Guayas and Santa Elena (Ecuador).



Activities to strengthen enterprise innovation capabilities in the region were also continued with six innovation workshops under the TRIZ methodology for 36 entities; a workshop for the strengthening of SMEs in innovation management in Colombia with 140 participants; a CAF Innovation Summit in Spain, with representatives from the Secretariats of Science, Technology and Innovation, technology centers and universities from 6 countries in the region; and 8 editions of the Innovation Ecosystem Promotion and Articulation Program in Argentina, Uruguay, Colombia, Costa Rica, Paraguay, Ecuador and Panama, which certified more than 700 representatives from the academic and

business sectors. Additionally, the first stage of the new version of the Export Excellence Companies Program (3E [Empresas de Excelencia Exportadora]) was developed, with the virtual training of about 100 public officials which provide services to SMEs in Colombia and Peru, who will serve as trainers in their countries.

The fourth edition of the Financial Inclusion Laboratory awarded 10 companies and institutions, from 454 submitting companies, that presented innovative models with high technological content for the financial inclusion of women and micro-companies and SMEs led by or owned by women in Latin America.



Gender, inclusion and diversity

CAF is committed to contributing to closing the gaps that make gender equality, the recognition and strengthening of ethnic-racial diversity, and the inclusion of people with disabilities more difficult, so that the economic and social reactivation of the region is carried out with equal opportunities and without discrimination.

As part of that commitment, the Gender, Inclusion and Diversity Management Team was created to lead actions that contribute to equal access to opportunities for the benefits of development for women, girls, indigenous peoples, African descendants and people with disabilities. In addition, the first CAF Strategy for Gender Equality was presented, with its objective being

to contribute to equal opportunities and the empowerment of women and girls, from an intersectional perspective, through the support of equality in public policies and the mainstreaming of gender in the various services.

\$2 million were approved during 2022 as technical cooperation for direct gender, inclusion and diversity actions, of which \$1 million has the objective of promoting actions which advance the autonomy of women and girls in areas such as sports, financial inclusion, gender-based violence, mobility and local governments, while \$298,500 have the objective of strengthening of capabilities in the integration and mainstreaming of gender, inclusion and diversity perspectives.

\$320,000 were directed to inclusion initiatives such as “Bogotá al Derecho” of Mayor of Bogota, which will develop a universal accessibility master plan that has an informative roadmap of the financial resources required to achieve a fully accessible city; and the “Trampolín Project” initiative, in partnership with UNESCO and the Chilean Ministry of Sports, which has the objective of demonstrating how sports relates to the implementation of the United Nations Convention on the Rights of Persons with Disabilities, and

Gender, Inclusion and Diversity Management leads actions that contribute to women, girls, indigenous peoples, African descendants and persons with disabilities having access to the benefits of development as equal opportunities.

to the SDGs, through a pilot program carried out within the framework of the 2023 Parapan American Games in Santiago. The initiative was launched with high level senior officials during CAF week in New York at the United Nations General Assembly.

Also, \$347,000 went toward four initiatives to promote ethnic-racial diversity: the first seeks to foster the creative economy with a gender perspective, inclusion, diversity in partnership with the Afro-Latin group “ChocQuibTown”; the second one, to identify new development challenges and opportunities for the region’s Indigenous Peoples in partnership with the UN Permanent Forum; the third, to promote the financial inclusion of Indigenous Peoples in Brazil and the fourth, to promote an ethnic-racial focus in Colombia and the region that achieves greater representativeness for communities of persons of African descendance in the private sector, governments and international bodies.

A firm step has been taken with the mainstream promotion of gender, inclusion and diversity in operations, through training processes to the business area staff and accompanying the CAF operations cycle, providing technical support to projects and programs, among which is worth noting the approval of the “Microfinance Program through Credit Unions of the National Corporation of Popular and Solidarity Finances” of Ecuador, which has a subcomponent for financing with a gender focus on micro-entrepreneurs; additionally, projects with the contribution of green funds such as Colombia’s “Climate-Intelligent Initiatives for Adaptation to Climate Change and Sustainability in Productive Agricultural Systems” and “Climate Change: Ecuador’s new evolutionary challenge for the Galapagos,” are notable as resources to ensure the equality of opportunities for women.

As part of the process of generating alliances in favor of gender equality, memoranda of understanding were established with the UN Entity for Gender Equality and Women’s Empowerment (WHO), the United Nations Development Program (UNDP) and the Inter-American Commission of Women (ICW) with which it seeks to promote actions that



contribute women’s economic, physical and decision making autonomy. A memorandum of understanding was also signed with the United Nations Office of the High Commissioner for Human Rights. This alliance will materialize with the publication of a knowledge product that seeks to provide information about the best practices in CAF countries in terms of community inclusion for people with disabilities. On the other hand, CAF participated in the Development Banks’ Paris Declaration on Gender Equality and Women’s Empowerment under the “Finance in Common” Summit (FICS).

Additionally, we advanced in regional dialogues, understanding that integration also permeates culture and the arts; in this sense, a space for cultural sharing was promoted between young creators of Chocó and young Uruguayans; also, in view of continuing to strengthen alliances between key actors, and participated



inclusion and diversity topics in the Diploma in Public Governance and Innovation for Leaders of Latin America and the Caribbean; and the CAF Financial Inclusion Laboratory 2022 on digital solutions for women's financial inclusion.

Additionally, a special chapter was proposed in the CAF Internship Program, through the DiversiCAF initiative, aimed at persons of African descendance and indigenous youth motivated to work for the development of the region. In this first phase, the countries selected were Colombia and Peru, with a total of 10 vacancies to be filled.

in the international seminar "Inclusion of the Perspectives of Persons of African Descendance in Public Policies. A look ahead from Ibero-America," organized by the Ibero-American General Secretariat (SEGIB [Secretaría General Iberoamericana]) with the support of the Government of Uruguay. In addition, we participated in the Inter-American Task Force on Women's Leadership; served as co-organizer of the 6th Ibero-American Local Gender Agendas Summit; participated in the 15th Regional Conference on Women of Latin America and the Caribbean; and supported the AS/COA Women's Hemispheric Network.

At the knowledge level, underscoring the publication on gender gaps in CAF's financial capacity surveys; collaboration in the Inter-American Task Force's A call to action to drive women's leadership and parity democracy in the Americas document; the incorporation of gender,

A firm step has been taken with the promotion of the mainstreaming of gender, inclusion and diversity in operations, through training processes for the business area staff and accompanying the CAF operations cycle.



Knowledge management

Aiming to contribute with the regional knowledge generation, in 2022 CAF produced around 119 publications with more than 1.5 million downloads, about development, education, economy, sustainability, mobility, infrastructure, friendly cities, digitalization, artificial intelligence and more available on www.scioteca.caf.com

Knowledge services are an essential complement to the financial services provided to the region by CAF. On the one hand, they aim to improve the impact of operations by helping them to be based on appropriate diagnoses regarding the countries' developmental constraints. On the other hand, knowledge management seeks to incorporate learning agendas into the process of implementing the projects, which allow recording the challenges encountered and the lessons derived from them to the areas in order to improve decision-making in the future.

Additionally, knowledge services seek to directly advise and assist countries in the design, implementation and assessment of public policies and also to support the generation of institutional capacities that result in better public management. Additionally, CAF's knowledge agenda also aims to promote an open discussion of different policy alternatives that, based on evidence, enrich public debate and generate the consensus necessary for their implementation by governments and societies.

Knowledge management is the way in which the generation, capture, classification, analysis, dissemination and use of knowledge is promoted with the aim of improving the impact of CAF activities on development. These include:

- Applied academic research on development determinants.
- The analysis and monitoring of the macroeconomic situation and trends in the international economy.
- Counseling and collaboration with countries on institutional strengthening issues through training, and impact assessments of policies and projects.
- Documents related to diagnosis and analysis of development restrictions in countries, to be made available for the design and implementation of CAF action strategies in member countries.
- Sectoral studies and analysis (in economic and social infrastructure, and the financial system and productive activities).
- The production of primary information and databases; the publication of reports, books and policy notes; the development of repositories with detailed information about documents related to CAF's operations for both loans and technical cooperation.
- Research, data analytics tools and incorporation of lessons learned in order to improve project efficiency and portfolio quality.
- The administration of a repository with external CAF publications.
- Organizing lectures and seminars, both internal and external.

Knowledge services seek to directly advise and assist countries in the design, implementation and assessment of public policies and support the generation of institutional capacities that result in better public management.



Different areas within CAF are involved in knowledge management. On the one hand, there are those who have an explicit responsibility and mandate in the generation of knowledge and the administering of sectoral specialization. On the other hand, those responsible for the origination, evaluation and administration of projects. There are also opportunities to build knowledge by documenting the lessons and learnings which arise from those operations. Given the high degree of decentralization of these activities, there is a task of coordination and articulation of the various offices and initiatives developed to provide perspective around issues, homogenize messages and ensure quality standards.

CAF decided to strengthen its strategy to accompany the institutionality of its member

countries by creating the Directorate of Institutional Development and Training. In this way, it added to the generation, administration and dissemination of specialized knowledge, the creation of learning solutions and peer-to-peer collaboration spaces, as well as support for strengthening institutions and in particular the capabilities of the teams.

For CAF, it is vital that public officials, social and business leaders, and NGO representatives from Latin American and Caribbean countries can find a reliable partner in our institution when updating their knowledge on issues related to development and the solving of public problems. Therefore, the training offer has virtual, in-person and hybrid schemes, based on practical knowledge, that seek to improve the institutional

links of our region and strengthen the capabilities of all those who directly or indirectly contribute to the design and administration of public policies, as well as projects to improve the quality of life in their communities. In 2022, the training offer included 52 MOOCs, 5 diplomas, 24 limited-enrollment courses and immersion spaces.

In 2022, the knowledge team advanced the consolidation of CAF's position with regard to the use and dissemination of data science

capabilities, with the aim of improving the establishing of the region's public policy. The entry of CAF into the Data Development Partnership will allow the entire organization to access global discussions, valuable resources, and difficult-to-access third-party data for development research.

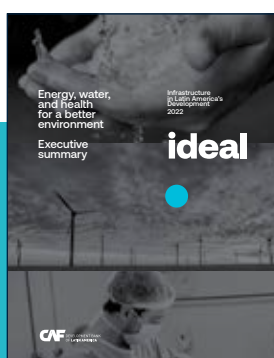
Finally, the lines of academic and public policy research were continued with the publication and dissemination of 22 articles in the CAF

Publications



RED 2022: Inherited inequalities: facilitation of trade, infrastructure and global value chains

High inequality in the region has very deep roots that have transformed it into a phenomenon which has inertia. As a result, there is strong persistence over time in who the most and least affluent or disadvantaged individuals and families are. RED 2022 considers the multiple dimensions that determine levels of parent and child well-being. Educational, occupational, income, health and wealth mobility are analyzed using novel measures.



Ideal 2022: Energy, water and health for a better environment

With this new edition of the IDEAL report, CAF proposes to collaborate with the sustainable development of the region by promoting an interventions and regulations focused approach to results-based infrastructure services. This approach allows for a broad understanding of the public policies necessary to improve the quality of life of the region's inhabitants and thus promote the protection of the environment and the preservation of biodiversity.



Tax Rules for Recovery in Latin America

The report provides a panoramic view of global and regional experience in the use of tax rules. The extent to which the rules have contributed to ensuring the sustainability of public debt, countercyclical management of fiscal policy, and protecting public investment is outlined. Tax rules are a critical component of tax institutionalization, and countries should leverage the post-crisis reinstatement process to improve their design and implementation.

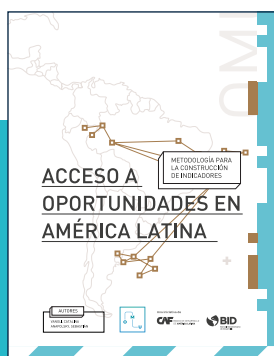
work document series, covering topics such as: employment, inequality, education and physical and commercial integration, aligned with the region's economic and social re-activation strategy. Among these were noted: the production and launch of the 2022 Economic and Development Report (RED [Reporte de Economía y Desarrollo] 2022) “Inherited Inequalities: The role of skills, employment and wealth in the opportunities of new generations”; and the

2022 Infrastructure and Development Report (IDEAL 2022) “Energy, water and health for a better environment”. In addition, the 2021 RED dissemination agenda “Roads for integration: facilitation of trade, infrastructure and global value chains” was finalized, with 16 presentations, both in CAF countries— including events in Colombia and Venezuela within the framework of the reopening of the borders between both countries—as well as in forums outside of the region.



Development Notebooks Series

Within the framework of the “Diploma of Public Governance and Innovation for Leaders of Latin America and the Caribbean” organized and delivered by CAF, together with 16 universities in the region, 12 virtual and live expert lectures were held. The “Development Notebooks” series is based on these master classes. During 2022, five titles from that series were published.



Access to opportunities in Latin American cities: Methodology for the establishing of indicators

Within the framework of the Urban Mobility Observatory, a methodology is presented to calculate indicators of urban accessibility to activity centers and to various basic services disaggregated by socioeconomic levels, including a case study for the Metropolitan Region of Buenos Aires. The methodology is replicable in other cities, scalable to other access opportunities. Analyses of this type facilitate the understanding of needs, the prioritizing of interventions, and to better define territorial and mobility policies.



Latin America Economic Outlook 2022

Latin America and the Caribbean (LAC) must implement an ambitious agenda in order to transform the green transition into an occasion for a fairer and more sustainable development model. Recovery requires taking a systemic approach to address challenges and maximize opportunities provided by the green transition in order to improve citizen well-being.



Management commentary on the financial evolution

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Wind turbines in the Atacama desert, Chile.





During 2022, CAF made significant progress in its capital strengthening strategy, which will allow it to continue to balance the growth of operations with the maintenance of robust credit metrics, ensuring the entity's solvency. In this regard, in March 2022, the Shareholders' Meeting approved the resolution of the institution's tenth capital increase, the largest in its history, for USD 7 billion. The process of signing the share subscription agreements is moving forward as expected and, during 2022, seven shareholder countries signed their respective agreements. Additionally, CAF has continued with the strategy of incorporating new full members, both for the conversion of Series "C" shareholders, as in the case of Chile, as well as for the inclusion of new shareholders, such as El Salvador and soon Honduras. The new capital contributions, in the midst of the challenges posed by the pandemic, reflects the unrestricted support of the CAF's member countries to continue strengthening the entity.

During the year, shareholder countries made contributions of paid-in capital totaling \$ 720 million. This amount includes both payments from capital strengthening programs and the addition of new shareholder countries. It is important to note that, during 2022, progress was achieved not only with respect to new incorporations, but also with respect to conversions from shareholders to full members, as is the case of Chile, with the country's Legislative Branch having already approved the agreements signed with CAF¹. All of these dynamics will contribute to improving the institution's equity strengthening during the coming years.

The 2022 has also been favorable to CAF in terms of credit ratings performance. During the year, Standard & Poor's (S&P) upgraded CAF's long-term rating to AA-, from A+, and the short-term rating to A-1+, from A-1. It also maintained the rating outlook as Positive, reflecting the agency's view of strengthening CAF's capital and role, based on significant shareholder support. Meanwhile, Fitch Ratings² revised the rating outlook to positive and affirmed the long-term and short-term ratings as being A+ and F1+, respectively. Fitch highlighted its expectation for an improvement in CAF's solvency, as a result of the \$ 7 billion capital increase approved, as well as the favorable dynamics of the credit portfolio. In turn, Japan Credit Ratings Agency (JCR) upgraded CAF's long-term rating to AA+, from AA, highlighting CAF's capital strengthening, the incorporation of new full members and rapid support to its shareholders through lines of credit in response to the impact of the COVID-19 pandemic. Moody's Investors Service (Moody's) maintained the long-term and short-term CAF ratings in Aa3 and P-1, respectively.

¹ In January 2023, Chile completed its internal requirements to become a full member of CAF, including the corresponding capital contribution.

² In January 2023, Fitch Ratings upgraded CAF's long-term rating to AA-, with Stable Outlook.

Table 1 Credit ratings

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

CAF's current credit ratings, which place the institution among the issuers with the highest ratings in the region, reflect the continuous support of the shareholders, the strengthening of its equity, the prudent management of liquidity and the diversification of its loan portfolio.

In 2022, amid high volatility in financial markets and a significant increase in global benchmark interest rates, CAF reaffirmed its role as a key finance provider to Latin America and the Caribbean, by approving operations amounting to \$ 14.1 billion and making disbursements of \$ 7.2 billion, primarily for medium-term and long-term loans to the sovereign sector.

CAF's revenues performance during 2022 reflected the improved yields of liquid assets and of the loan portfolio, given the significant increase in the average LIBOR rate recorded during the year, which was 2.87% during 2022, compared to the level of 0.20% recorded the previous year, as was the case with other global reference rates. The effect of the increase in interest rates was accompanied by the expansion of credit portfolio reached during the year. In this way, operating income stood at \$279.2 million, while the main profitability indicator, Return on Equity (ROE) reached 2.1% during 2022.

Regarding bond issuances in international markets, CAF completed 30 transactions in 2022 for approximately \$ 3.7 billion in 10 different currencies. These transactions include three benchmark-sized issues, made in the U.S. and European markets, with an aggregate amount of \$ 2 billion equivalent. These transactions were competitive and executed amid high volatility in global markets. In addition, two public bonds were issued in the Swiss market for a total of \$ 617 million equivalent for 5-year and 6-year terms, with one of these being a thematic bond under our green bond program, reaffirming CAF's commitment to the green agenda. Additionally, issuances were placed in local markets in the region including Panama, Mexico and Uruguay.

During 2022, progress was achieved with respect to new incorporations, in addition to the progress with respect to conversions from shareholders to full members, as is the case of Chile, a country in which the Legislative Power already approved the agreements signed with CAF.

Regarding short-term funding, deposits balance at the end of 2022 was \$4.7 billion. Commercial papers in the U.S. and European markets were another major source of resources, with a 2022 closing balance of \$ 4.7 billion.

Chart 1 Balance sheet as of December 31 of each year (in \$ million)

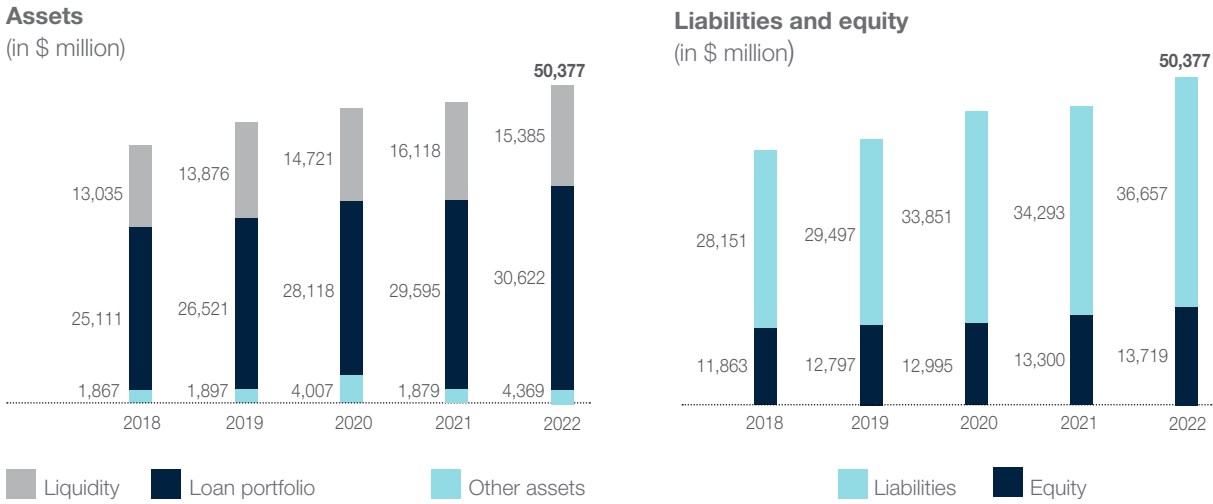
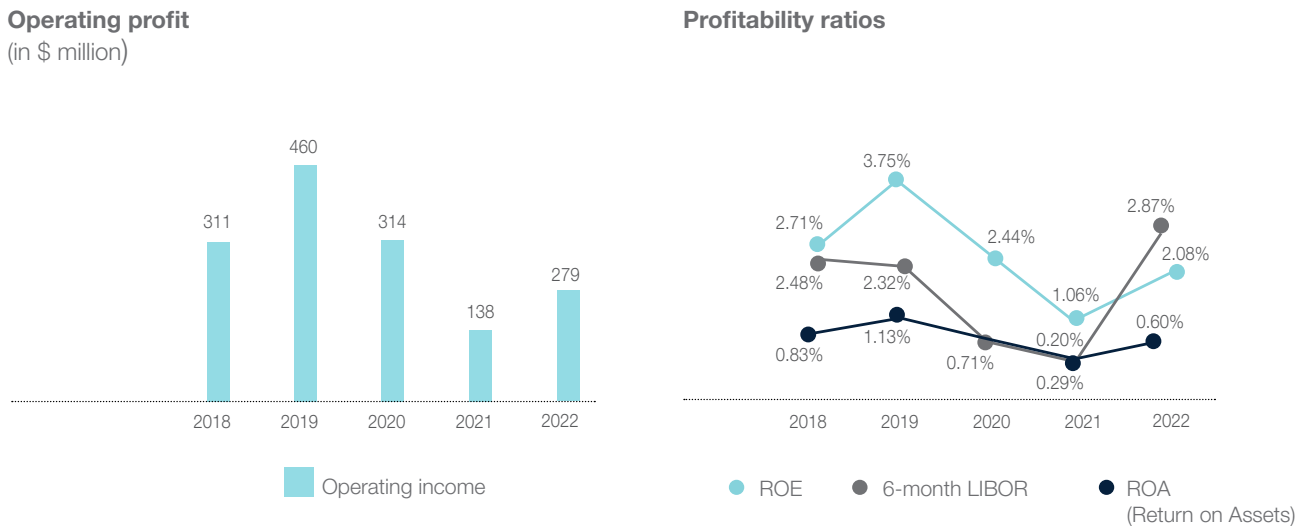


Chart 2 Operating income and profitability

For the period ended December 31 of each year (in \$ billion)



CAF maintained favorable operating results despite the high volatility of global financial markets experienced over the year. Net interest income reached \$ 461 million, as a result of higher investment and loan portfolio returns.



Summary of the financial statements

During 2022, CAF's total assets reached \$ 50.4 billion, representing an increase of 5.9% compared to the previous year (see Chart 1). Also, the loan portfolio recorded a 3.5% increase compared to the previous year, closing at \$ 30.6 billion, while liquidity totaled \$ 15.4 billion, 4.5% lower than end-of 2021 figure and equivalent to 30.5% of total assets and 42% of total financial liabilities. CAF's equity continued to strengthen during the year, supported by capital contributions from shareholders, as well as the institution's profitable growth. As of December 31, 2022, CAF's total equity reached \$ 13.7 billion, with a paid-in capital of \$ 5.5 billion, additional capital paid-in of \$ 4.3 billion and \$ 3.9 billion between reserves and retained earnings. At the end of 2022, total equity represented 27.2% of total assets.

CAF maintained favorable operating results throughout 2022, despite the high volatility of global financial markets experienced over the year. Net interest income in 2022 reached \$ 461 million, as a result of the higher returns on investments and the loan portfolio, given the significant increase in the LIBOR during the year, the rate to which most of the loans granted by CAF are referenced. This is how the operating income stood at \$ 279 million in 2022, while the Return on Equity (ROE) and Return on Assets (ROA) closed at 2.1% and 0.6%, respectively (see Chart 2).

Loan portfolio

CAF's loan portfolio continues to reflect sustained growth with solid quality indicators. At the end of 2022, the portfolio reached \$ 30.6 billion, which represents an increase of 3.5%, compared to \$ 29.6 billion recorded in the previous year.

The distribution of the loan portfolio maintained a greater focus in public sector loans, representing 96.2% of the total portfolio as at December 31, 2022. CAF achieved a higher loan distribution by country. Ecuador had the highest stake, with 13.7%, followed by Argentina with 12.9%, Colombia with 12%, Bolivia with 10%, Panama with 8.7%, Brazil with 8.5%, Venezuela with 8.1%, Paraguay with 6.7%, Peru with 4.8%, Trinidad and Tobago with 3.9%, Uruguay with 3.2%, Mexico with 3.1%, Costa Rica with 1.7%, Dominican Republic with 1.3% and the rest of the portfolio, represented by Barbados, Chile and El Salvador, totaling 1.4%. The growing participation of shareholders who converted to full members contributes to the diversification of the loan portfolio. In this regard, new full members at the end of 2022 comprised 44.1% of total loans.

The main activities funded by the CAF at the end of 2022 were public administration with 37%, the transport sector with 24%, the energy sector with 11%, the financial sector with 7% and the water sector with 6%.

During 2022, the portfolio credit quality indicators continued at robust levels, recording at the end of the year an indicator of loans in a non-accrual status to total loans of 0.35% and an allowance for loan losses of \$ 63.2 million equivalent to 0.21% of total loans.

Table 2 Asset quality (in \$ million)

	2018	2019	2020	2021	2022
Overdues	124.3	129.1	0.0	0.0	0.0
Loans in non-accrual status	112.7	69.8	69.1	112.1	107.9
Allowance for loan losses	64.8	91.6	95.0	76.7	63.2
Overdues as a percentage of the loan portfolio	0.5%	0.5%	0.0%	0.0%	0.0%
Loans in non-accrual status as a percentage of the loan portfolio	0.45%	0.26%	0.25%	0.38%	0.35%
Allowance as a percentage of the loan portfolio	0.26%	0.35%	0.34%	0.26%	0.21%

Liquid assets

CAF maintains strict adherence to its conservative liquidity policies, which require at least 90% of liquid assets to remain in instruments with credit ratings of at least A-/A3. As of December 31, 2022, liquid assets totaled \$ 15.4 billion, an amount equivalent to 30.5% of total assets. The investment portfolio was characterized by its short duration, which averaged 0.33 years, and its excellent credit quality, with an average rating of AA-.

CAF maintained its broad access to long-term issuance markets, its main source of financing. The institution executed 30 transactions for an amount of \$ 3.7 billion.



Funding

CAF maintains broad diversification of funding sources, between currencies and geographies, reflecting its broad access to the global financial markets. At end-of 2022, total financial liabilities were \$ 32.6 billion, while total liabilities reached \$ 36.7 billion.

2022 was characterized by high volatility in the financial markets and a significant rise in interest rates. Despite this, CAF maintained its broad access to long-term issuance markets, its main source of financing. The institution executed 30 transactions for an amount of \$ 3.7 billion. In addition, CAF continued to diversify its geographic distribution by carrying out issuances in the markets of America, Asia, Europe and Oceania in 10 different currencies. These issues include three benchmark sized public transactions, completed in February, July and November 2022, in the United States and Europe markets for a total of \$ 2 billion equivalent.

These transactions once again ratify CAF's strength as an issuer in major public markets, achieving favorable results thanks to the support of a robust base of investors internationally.

Regarding thematic issuances, CAF issued two public bonds in the Swiss market totaling 617 million USD-equivalent due in 5 and 6 years, respectively, one of which is a thematic bond under our green bond program, reaffirming our commitment to the institutional green agenda.

With respect to other markets, CAF returned to the German *Schuldschein* market after almost 8 years, having placed bonds totaling € 110 million due in 24 years, meeting demand from German institutional investors. In Japan, CAF completed the issuance of \$ 62 million equivalent under its Samurai program for institutional investors and two notes were placed in *Uridashi* format, strengthening CAF's position as a frequent issuer in Japan's retail market. In addition, two private issues were made in Australian dollars totaling 60 million USD-equivalent for Asian institutional investors.

In Latin America, various transactions were carried out, highlighting a 20-year USD 200 million issuance, listed on the Panama stock exchange (Latinex). This transaction represented CAF's return to this market after 10 years, managing to execute a new structure for CAF called an "incremental coupon". Additionally, in the Mexican market, CAF continued to be a regular issuer, carrying out 3 issuances totaling \$ 500 million equivalent for various terms and in fixed-rate and investment unit (inflation) formats. In addition, under the private placement program in Uruguay, 9 notes were issued for a total of \$ 7 million, to meet the financing needs in local currency, co-financing projects together with the "VEFIU I" and "VEFIU II" debt vehicles for infrastructure financing.



In summary, during 2022, issues have been made in more than 10 currencies for different terms, formats and structures, successfully meeting demand globally and maintaining an active participation in the Latin American region.

Deposits remained as an important source of short-term funding, amounting to \$ 4.7 billion at end-of 2022 and maintaining their importance as a source of competitive short-term funding.

CAF's robust level of liquidity, together with its conservative maturity profile of its financial liabilities, has supported the maintenance of CAF's financial metrics, which are positively assessed by the credit rating agencies that evaluate the institution.

During 2022, the joint efforts between CAF and its partners were aimed at recovery of the economic and health systems of the shareholder countries, using various financial mechanisms, sectors and currencies. The mobilization of third-party resources exceeded \$ 1.9 billion, driven by the incorporation of new alliances such as foundations, diversifying CAF's base and the profile of its partners.

During 2022, CAF closed lines of credit for more than \$ 750 million, including facilities in foreign and local currencies. Disbursements reached \$ 630 million, supporting operations sectors which are essential for CAF, such as healthcare, with an emphasis on the acquisition of vaccines - French Development Agency (AFD [Agence Française de Développement]) and *Kreditanstalt für Wiederaufbau* [Reconstruction Credit Institute] (KfW) - and sustainable transportation - Official Credit Institute (ICO [Instituto de Crédito Oficial]) and Japan Bank for International Cooperation (JBIC). Regarding co-financing, a record amount of \$ 1.3 billion was reached, highlighting the support of allies for operations for the mitigation and adaptation to climate change. Additionally, technical assistance resources were mobilized for \$ 1.7 million, including \$ 400,000 from the JP Morgan Foundation for the strengthening of production chains.

Other notable achievements include the addition of new products in the philanthropic sector, including the JP Morgan Foundation and *Deutsche Sparkassenstiftung für internationale Kooperation* (DSIK); the development of new alliances, including with the Kuwait Fund for Arab Economic Development (KFAED) and the United States Department of Transportation (USDOT); strengthening relationships with Asian institutions, including: (i) the Asian Infrastructure Investment Bank (AIIB), through the co-financing of an operation in Argentina; (ii) the Export-Import Bank of Korea (Kexim), with which a line of credit and co-financing agreement was signed; and (iii) the Korean Ministry of Finance, Signed a MoU under Korea's Knowledge Sharing Program (KSP).

During 2022, the joint efforts between CAF and its partners were aimed at recovery of the economic and health systems of the shareholder countries, using various financial mechanisms, sectors and currencies.

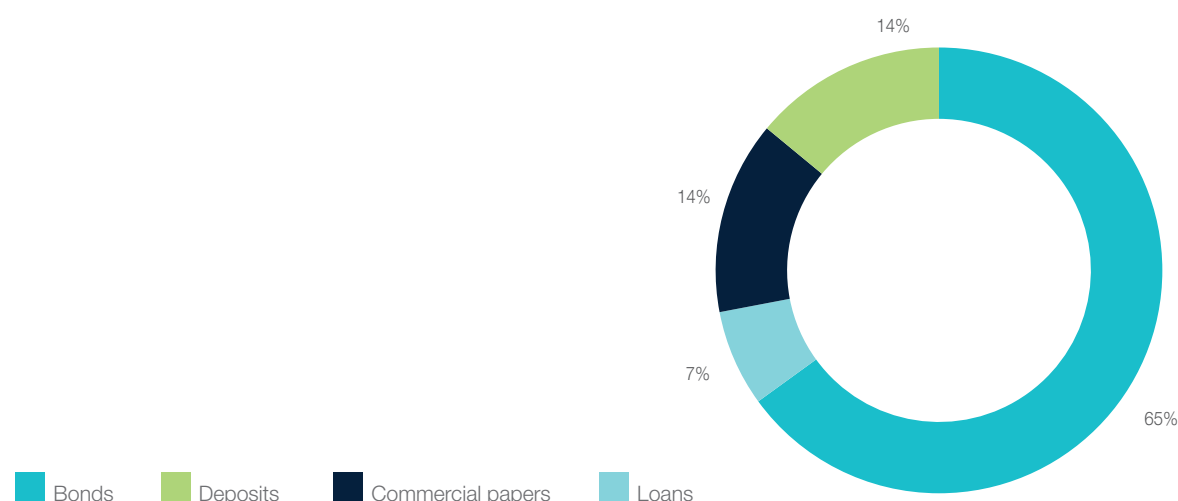
During 2022, CAF continued its historical growth in resource mobilization for the private sector, reaching an amount of \$ 287.5 million. This amount includes private sector loan participation agreements in the amount of \$ 37.5 million in Argentina and Ecuador, as well as the approval of an A/B loan with a Tranche B for \$ 250 million in Argentina, making CAF a strategic partner in the country's energy sector.

As of December 31, 2022, 79.3% of the CAF's indebtedness stemmed from the international capital markets, where bond issuance represented 65.2% – main source of funding resources (see Graph 3) – and commercial papers at 14.1%. In addition, deposits received made up 14.3% of total indebtedness, and other loans and medium-term and long-term lines of credit represented 6.4% of the total.

Table 3 gives details of the issuance of bonds in 2022.

Table 3 Bond Issues in the international markets

Date	Market	Amount in original currency	Equivalent in \$ million
Issuances of bonds			
February	Europe	CHF 350	382
February	United States of America	USD 650	650
February	Japan	JPY 7,200	63
July	Europe	EUR 500	510
August	Europe	CHF 225	235
November	United States of America	USD 800	800
December	Europe	EUR 50	53
Private placements			961
Total 2022			3,654
Authorized amount for short-term issuance programs			
	Commercial papers (USA)	USD 3,000	3,000
	Commercial papers (Europe)	USD 3,000	3,000

Chart 3 Composition of financial liabilities (as of December 31, 2022)

Capital

During 2022, CAF received \$ 720 million in capital payments from its shareholder countries. These contributions are mainly derived from capital increases, both in 2015, when a general capital increase of USD 4.5 billion was approved, as well as that of \$ 7 billion, ratified at the Shareholders' Meeting in 2022.

At the end of the year, equity rose to \$ 13.7 billion, 3.2% higher than the amount recorded at the end of 2021, strengthened by capital payments made by the shareholder countries and retained profits. The increase in equity and balanced growth of CAF's operations has allowed to maintain robust capitalization metrics, in compliance with the levels established in the institution's policies (see Table 4).

Table 4 Capitalization metrics

	2018	2019	2020	2021	2022
Gearing (times) ¹	2.2	2.1	2.2	2.3	2.3
Leverage (times) ²	2.3	2.2	2.4	2.5	2.4
Equity/Total assets	29.6%	30.3%	27.7%	27.9%	27.2%

1 According to CAF's Articles of Agreement, the exposure limit must be 4.0 or less.

2 According to CAF's Articles of Agreement, the limit of indebtedness must be 3.5 or less.

Asset and liability management

In order to mitigate foreign exchange risk as well as interest rates risk, CAF's lending and borrowing activities are primarily conducted in U.S. dollars and in floating rates. As of December 31, 2022, 95.5% of assets, and 96.5% of liabilities were denominated in U.S. dollars after swaps, while 92.9% of the loans and 98.4% of the financial liabilities were based on floating rates after swaps. Transactions that are not denominated in U.S. dollars or based on floating rates are converted through swaps to those terms. The swaps book reached USD 27.9 billion at year-end 2022. CAF's policies establish that swap counterparties must be rated at least A-/A3 and have a credit support annex (CSA). Thus, CAF has established CSAs agreements with its derivatives counterparts, reducing the credit risk since valuations are made on a mark-to-market basis and the debtor has to post the corresponding collateral within certain predetermined parameters. CAF does not trade derivatives for speculation purposes. Derivative instruments are used only for hedging purposes. As of December 31, 2022, the average life of its assets was 4.7 years and that of its liabilities 3.8 years, which is considered as conservative, given it does not take into account the high stake of assets that are financed with equity.

The increase in equity and balanced growth of CAF's operations has maintained robust capital metrics, above the levels established in the institution's policies.

2022

**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 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.

Management of CAF is responsible for designing, implementing, and maintaining effective internal control over financial reporting. Management assessed the effectiveness of CAF's internal control over financial reporting as of December 31, 2022, 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, 2022.

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, 2022 and for the year then ended, have been audited by an independent accounting firm, which has also issued an independent auditor's 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, 2022.



Gabriel Felpeto
Vice President of Finance



Sergio Díaz-Granados Guida
Executive President



Carolina España
Executive Vice President

February 6, 2023

Lara Marambio & Asociados

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Independent auditor's report

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

Opinion on Internal Control Over Financial Reporting

We have audited the internal control over financial reporting of **Corporación Andina de Fomento (CAF)** as of December 31, 2022, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, CAF maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the financial statements of **CAF** as of and for the years ended December 31, 2022 and 2021, and our report dated February 6, 2023 expressed an unmodified opinion on those financial statements.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of CAF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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.

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February 6, 2023
Caracas, Venezuela

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Independent auditor's report

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

Opinion

We have audited the financial statements of **Corporación Andina de Fomento (CAF)**, which comprise the balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CAF** as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), CAF's internal control over financial reporting as of December 31, 2022, 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 6, 2023 expressed an unmodified opinion on CAF's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **CAF** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAF ability to continue as a going concern for one year after date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAF ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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February 6, 2023
Caracas, Venezuela

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Corporación Andina de Fomento (CAF)

Balance Sheets

As of December 31, 2022 and 2021

(In thousands of U.S. dollars)

	NOTES	2022	2021
ASSETS			
Cash and due from banks		107,592	112,047
Deposits with banks		6,535,869	3,210,216
Cash and due from banks and deposits with banks	3	6,643,461	3,322,263
Marketable securities:			
Trading	4 and 19	8,483,605	12,503,067
Other investments	5	258,372	292,392
Loans (\$ 2,499,856 and \$ 2,389,651 at fair value as of December 31, 2022 and 2021, respectively)	6 and 19	30,622,324	29,595,386
Less loan commissions, net of origination costs		166,213	153,955
Less allowance for loan losses	6	63,192	76,650
Loans, net		30,392,919	29,364,781
Accrued interest and commissions receivable		673,892	357,836
Derivative financial instruments	18 and 19	459,809	512,383
Equity investments	7	381,779	433,350
Property and equipment, net	8	98,804	105,987
Other assets	9	2,984,101	700,291
TOTAL		50,376,742	47,592,350
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposits (\$ 109,377 and \$ 106,119 at fair value as of December 31, 2022 and 2021, respectively), net	10 and 19	4,663,591	4,002,626
Commercial paper	11	4,618,797	2,813,646
Borrowings from other financial institutions (\$ 665,849 and \$ 740,028 at fair value as of December 31, 2022 and 2021, respectively), net	12 and 19	2,072,776	1,772,171
Bonds (\$ 21,137,893 and \$ 24,074,774 at fair value as of December 31, 2022 and 2021, respectively), net	13 and 19	21,252,213	24,260,537
Accrued interest payable		565,916	288,233
Derivative financial instruments	18 and 19	3,309,978	842,958
Accrued expenses and other liabilities	14	174,154	312,540
Total liabilities		36,657,425	34,292,711
STOCKHOLDERS' EQUITY:			
Subscribed capital	16	8,563,350	7,716,975
Less callable capital portion		1,625,660	1,589,660
Less capital subscriptions receivable		1,412,260	690,940
Paid-in capital		5,525,430	5,436,375
Additional paid-in capital		4,252,952	4,091,298
Reserves		3,771,966	3,666,951
Retained earnings		168,969	105,015
Total stockholders' equity		13,719,317	13,299,639
TOTAL		50,376,742	47,592,350

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, 2022 and 2021
(In thousands of U.S. dollars)

	NOTES	2022	2021
Interest income:			
Loans	2 (g)	1,093,099	603,903
Loan commissions	2 (g)	49,197	44,990
Investments and deposits with banks	2 (e), 3 and 4	172,987	23,098
Total interest income		1,315,283	671,991
Interest expense:			
Bonds		659,043	329,247
Borrowings from other financial institutions		58,941	22,427
Commercial paper		62,532	5,077
Deposits		63,844	4,109
Commissions		10,373	10,415
Total interest expense		854,733	371,275
Net interest income		460,550	300,716
(Credit) provision for loan losses	6	(3,287)	29,869
Net interest income, after (credit) provision for loan losses		463,837	270,847
Non-interest income:			
Dividends and equity in earnings of investees	7	8,668	5,108
Other commissions		2,967	2,055
Other income	7	7,306	31,794
Total non-interest income		18,941	38,957
Non-interest expenses:			
Administrative expenses		177,803	157,353
Other expenses	7	25,811	14,048
Total non-interest expenses		203,614	171,401
Income before unrealized changes in fair value related to other financial instruments and contributions to Stockholders' Special Funds		279,164	138,403
Unrealized changes in fair value related to other financial instruments	20	(21,195)	(3,388)
Income before contributions to Stockholders' Special Funds, net		257,969	135,015
Contributions to Stockholders' Special Funds	22	89,000	30,000
Net income and total comprehensive income		168,969	105,015

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, 2022 and 2021
(In thousands of U.S. dollars)

NOTES	Paid-in capital	Additional paid-in capital	Reserves			Retained earnings	Total stockholders' equity
			General reserve	Article N° 42 of the Constitutive Agreement	Total reserves		
BALANCES AS OF DECEMBER 31, 2020	5,366,050	3,961,900	2,878,929	548,200	3,427,129	239,822	12,994,901
Capital increase	16	221,105	406,833	-	-	-	627,938
Capital decrease due to shares' repurchase	6	(150,780)	(277,435)	-	-	-	(428,215)
Net income and total comprehensive income	16	-	-	-	-	105,015	105,015
Appropriated for general reserve	16	-	-	215,839	-	215,839	(215,839)
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	23,983	23,983	(23,983)
BALANCES AS OF DECEMBER 31, 2021	5,436,375	4,091,298	3,094,768	572,183	3,666,951	105,015	13,299,639
Capital increase	16	254,235	465,585	-	-	-	719,820
Capital decrease due to shares' repurchase	6	(165,180)	(303,931)	-	-	-	(469,111)
Net income and total comprehensive income	16	-	-	-	-	168,969	168,969
Appropriated for general reserve	16	-	-	94,505	-	94,505	(94,505)
Appropriated for reserve pursuant to Article N° 42 of the Constitutive Agreement	16	-	-	-	10,510	10,510	(10,510)
BALANCES AS OF DECEMBER 31, 2022	5,525,430	4,252,952	3,189,273	582,693	3,771,966	168,969	13,719,317

Corporación Andina de Fomento (CAF)

Statements of Cash Flows

For the years ended December 31, 2022 and 2021
(In thousands of U.S. dollars)

	NOTES	2022	2021
OPERATING ACTIVITIES:			
Net income and total comprehensive income		168,969	105,015
Adjustments to reconcile net income to net cash provided by (used in) operating:			
Unrealized loss on trading securities		50,336	72,788
Amortization of loan commissions, net of origination costs		(20,172)	(18,630)
(Credit) Provision for loan losses	6	(3,287)	29,869
Impairment charge for equity investments	7	962	117
Unrealized changes in fair value related to equity investment	7	17,854	(26,748)
Equity in (earnings) losses of investees	7	(1,943)	871
Amortization of deferred charges		4,751	5,020
Depreciation of property and equipment	8	8,831	8,895
Provision for employees' severance benefits		15,023	13,207
Provision for employees' savings plan		744	823
Unrealized changes in fair value related to other financial instruments		21,195	3,388
Net changes in operating assets and liabilities:			
Trading securities, net		3,965,795	(1,620,056)
Accrued interest and commissions receivable		(316,056)	28,789
Other assets		(22,004)	(18,891)
Accrued interest payable		277,683)	(20,753)
Severance benefits paid or advanced		(14,417)	(10,345)
Employees' savings plan paid or advanced		(2,101)	(783)
Accrued expenses and other liabilities		23,167	(44,330)
		<u>4,006,361</u>	<u>(1,596,769)</u>
Total adjustments and net changes in operating assets and liabilities			
Net cash provided by (used in) operating activities		<u>4,175,330</u>	<u>(1,491,754)</u>
INVESTING ACTIVITIES:			
Purchases of other investments	5	(562,436)	(2,010,262)
Maturities of other investments	5	596,456	2,529,075
Loan origination and principal collections, net	6	(1,805,360)	(2,096,433)
Equity investments, net	7	34,698	25,010
Property and equipment, net	8	(1,648)	(3,148)
		<u>(1,738,290)</u>	<u>(1,555,758)</u>
Net cash used in investing activities			
		<u>(1,738,290)</u>	<u>(1,555,758)</u>
	<i>Carried forward</i>	<u>2,437,040</u>	<u>(3,047,512)</u>

Corporación Andina de Fomento (CAF)

Statements of Cash Flows

For the years ended December 31, 2022 and 2021
(In thousands of U.S. dollars)

	NOTES	2022	2021
<i>Brought forward</i>		2,437,040	(3,047,512)
FINANCING ACTIVITIES:			
Net increase in deposits	10	652,707	668,277
Proceeds from commercial paper	11	63,977,481	24,847,310
Repayment of commercial paper	11	(62,172,330)	(23,632,360)
Net decrease in derivative-related collateral		(2,414,170)	(445,293)
Proceeds from issuance of bonds	13	3,653,612	4,478,803
Repayment of bonds	13	(3,923,431)	(3,320,266)
Proceeds from borrowings from other financial institutions		797,723	374,681
Repayment of borrowings from other financial institutions		(407,254)	(177,605)
Proceeds from issuance of shares	16	719,820	627,938
Net cash provided by financing activities		884,158	3,421,485
NET INCREASE IN CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS		3,321,198	373,973
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT BEGINNING OF THE YEAR		3,322,263	2,948,290
CASH AND DUE FROM BANKS AND DEPOSITS WITH BANKS AT END OF THE YEAR		6,643,461	3,322,263
SUPPLEMENTAL DISCLOSURE:			
Interest paid during the year		612,024	374,796
NONCASH FINANCING ACTIVITIES:			
Principal collections - Loans	6	469,111	428,215
Capital decrease	6	(469,111)	(428,215)
Change in derivative instruments assets		52,574	1,254,549
Change in derivative instruments liabilities		2,467,020	438,116

Corporación Andina de Fomento (CAF)

Collegiate Bodies and Senior Authorities

Shareholders' Assembly¹

The Shareholders' Assembly 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 the body composed of the CAF Shareholders' representatives, responsible for establishing and directing the Institution's financial, credit and economic policy, as well as exercising the other powers conferred upon it by the Articles of Agreement, the General Regulations and those delegated by the Assembly.

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.

Technical Committee of the Board of Directors⁴

Within the scope of its powers, in December 2021, the Board of Directors created the Board of Directors' Technical Committee, as an instance of deliberation and consultation for Management, aimed at supporting the Board of Directors in making decisions on matters and topics in its competence.

Executive President

The CEO is the legal representative of CAF. He exercises the Institution's general management and administration and is responsible for any matter that is not specifically entrusted to any other body. In addition, he is in charge of approving the strategic plans for countries and sectors, the institutional structures and processes that correspond to his or her level of authority and the financial transactions carried out by CAF for those amounts that are within the limit that the Board of Directors has delegated to him or her. He remains for five years in office, and may be reelected for a subsequent period.

Executive Vice-President

In accordance with the General Regulations, the Executive Vice-President is the most senior international official after the Executive President. He coordinates the preparation of plans, programs and activities of the institution's financial, operational and administrative divisions, as well as supervises the execution of the activities carried out by the Institution's different units. He shall be appointed by the Executive President, after consultation with the Board of Directors, for a period of five years, which may be extended.

1. On March 8, 2021, the 53rd Ordinary Assembly and the 20th Extraordinary Shareholders' Assembly were held. On August 22, 2022, it was virtually held the 21st Extraordinary Shareholders' Assembly.

2. During 2022, three ordinary Board meetings were held: March 8 (174th Board), July 19 (175th Board) and December 6 (176th Board).

3. During 2022, two Audit Committee meetings were held: March 7 (39th Audit Committee) and December 5 (40th Audit Committee).

4. During 2022, five Technical Committee of the Board of Directors meetings were held: i) February 16th; ii) May 26th; iii) June 15th; iv) October 18th; v) November 22nd.

Corporación Andina de Fomento (CAF)

Board of Directors 2020-2023

President of the Board

(April 1st 2022 – March 31st 2023)

Oscar Llamosas

Minister of Treasury of Paraguay

SERIES "A" SHAREHOLDERS 2020-2023

ARGENTINA

Principal: Sergio Massa

Minister of Economy

Alternate: Leandro Gorgal

Deputy Secretary of International Financial Relations for Development

ECUADOR

Principal: Jorge Luis Andrade

President of the Board

Corporación Financiera Nacional

Alternate: Virna Rossi Flores

General Manager

Corporación Financiera Nacional

PERU

Principal: Alex Contreras

Minister of Economy and Finance

Alternate: José Armando

Calderón

Vice-Minister of Treasury

BOLIVIA

Principal: Sergio Cusicanqui

Loayza Minister of Development Planning

Alternate: Marcelo Laura

Guarachi Vice-Minister of Public Investing and External Financing

EL SALVADOR

Principal: José Alejandro

Zelaya

Minister of Treasury

Alternate: Jerson Posada

Vice-Minister of Treasury

TRINIDAD AND TOBAGO

Principal: Colm Imbert

Minister of Finance

Alternate: Alvin Hilaire

Governor, Central Bank of Trinidad and Tobago

BRAZIL

Principal: Lucas Pedreira

do Couto Ferraz Secretary of Foreign Trade, Ministry of Economy

Alternate: Marco dos Santos

Rocha Secretary of International Economic Affairs

Ministry of Economy

PANAMA

Principal: Héctor Alexander

Minister of Economy and Finance

Alternate: Javier Carrizo

General Manager

Banco Nacional de Panamá

URUGUAY

Principal: Azucena Arbeleche

Minister of Economy and Finance

Alternate: Diego Labat

President, Central Bank of

Uruguay

COLOMBIA

Principal: José Manuel

Restrepo

Minister of Treasury and Public Credit

Alternate: Gonzalo Hernández

Jiménez Technical Vice-Minister

Minister of Treasury and Public Credit

PARAGUAY

Principal: Óscar Llamosas

Minister of Treasury

Alternate: Iván Haas

Vice-Minister of Economy

VENEZUELA

Principal: José Félix Rivas

Head of the National Office of Public Credit

Alternate: Román Maniglia

Ministry of Popular Power of

Economy, Finance and Foreign Trade

SERIES "B" SHAREHOLDERS 2020-2023

BOLIVIA

Principal: Marcelo

Montenegro Gómez Minister of Economy and Public Finance

Alternate: Juana Jiménez

Soto Vice-Minister of Treasury and Public Credit

VENEZUELA

Principal: Héctor Obregón

President Banco de Desarrollo Económico y Social de Venezuela (BANDES)

Alternate: Luis Pérez

González Vicepresident, Banco de Desarrollo Económico y Social de Venezuela (BANDES)

COLOMBIA

Principal: Germán Umaña

Mendoza Minister of Trade, Industry and Tourism

Alternate: Jorge Iván

González General Director National Department of Planning

PRIVATE BANKING

Principal: Juan Carlos Dao

President

Banco del Caribe C.A

Alternate: Darko Zuazo

Batchelder President of the Board of Directors, Banco Mercantil Santa Cruz S.A.

ECUADOR

Principal: Pablo Arosemena

Minister of Economy and Finance

Alternate: Tatiana Rodríguez

President, Political and Monetary Regulation Board

PERU

Principal: Carlos Linares

President of the Board of Directors Corporación Financiera de Desarrollo (COFIDE)

Alternate: José Armando

Calderón Vice-Minister of Economy (A)

SERIES "C" SHAREHOLDERS 2021-2024

SPAIN

Principal: Nadia Calviño

Minister of Economic Affairs and Digital

COSTA RICA

Alternate: Róger Madrigal

López, President, Banco Central de Costa Rica

MEXICO

Principal: Rogelio Ramírez de la O

Secretary of Treasury and Public Credit

DOMINICAN REPUBLIC

Alternate: José Manuel Vicente

Minister of Treasury

Corporación Andina de Fomento (CAF)

Executive Management (as of December, 31st 2022)

Executive President **Sergio Díaz-Granados**
 Chief of Staff and General Advisor to the
 Presidency **Andrés Rugeles**
 Director, Executive Presidency **Oscar Rueda**

Legal Counsel **Jorge Luis Silva**
 Director, Non-Sovereign Risks Legal Affairs **Rosalía Román**
 Director, Sovereign Risks Legal Affairs **Antonio Urdaneta**
 Director, Treasury and Liabilities Legal Affairs **Elizabeth Freed**

Secretary General **Alejandra Claros**
 Director, General Secretariat **Mauricio Beltrán**

General Auditor **Anmari San Vicente (Acting)**

Risk Management **Javier González (Acting)**
 Direction of Credit and Investment Risk **Ramón Ferro (Acting)**
 Direction of Portfolio Review **César Vera (Acting)**
 Direction of Risks Management **Paulo Díaz (Acting)**

Ombudsperson **José Martínez-Aragón**

Manager, Europe, Asia and Middle East **Ignacio Corlazzoli**

Director, Strategic Communication and
 External Relations **Andrés Zamora**

Executive Vice President María **Carolina España**

Corporate Manager, Human Capital and Digital
 Transformation **Corina Arroyo**
 Direction of Human Capital **Claudia Bejarano (Acting)**
 Director, Digital Systems and Solutions **Javier Sánchez**
 Manager, Planning and Development Impact **Alejandra Botero**
 Direction of Development Contributions and Impact
 Measurement **Daniel Ortega (Acting)**
 Direction of Operations Control **Reinaldo Ledezma (Acting)**
 Director, Logistic and Administrative
 Services **Luis Felipe Sánchez**
 Director, Physical Infrastructure Development
 and Maintenance **Decia Paradisi**

Corporate Vice President, Strategic
 Programming **Christian Asinelli**

Corporate Manager, Country Programs **Emilio Uquillas**
 Director, Country Programs **Francisco Prieto**
 Director, Operational Programming **Miguel Ostos**
 Director, Development Cooperation Funds **Gloria Betancourt**

Regional Manager, Mexico and Central America
 / Representative, Mexico **René Orellana**
 Representative, El Salvador **Oscar Avalle**

Regional Manager, Caribbean **Stacy Richards**
 Representative, Trinidad and Tobago **Gianpiero Leoncini**

Regional Manager, North / Representative, Peru **Santiago Rojas**
 Representative, Colombia **Angel Cárdenas (Acting)**
 Representative, Ecuador **Daniel Rivera**
 Representative, Panamá **Lucía Meza**

Regional Manager, South / Representative Paraguay **Jorge Srur**
 Representative, Argentina **Patricia Alborta**
 Representative, Brasil **Jaime Holguín**
 Representative, Bolivia **Florentino Fernández**
 Representative, Uruguay **Francois Borit**

Manager, Climate Action and Positive Biodiversity **Alicia Montalvo**
 Director, Technical Advise in Biodiversity and Climate **Edgar Salas**
 Director, Green Operations and Finance **Jorge Concha**

Manager, Gender, Inclusion and Diversity **Ana Baiardi**

Manager, Social and Human Development **Pablo Bartol**
 Director, Social Development Projects **Sebastián Abbatemarco**
 Director, Social Innovation **Ana Mercedes Botero**

Manager, Urban Development, Water and
 Creative Economies **Ángel Cárdenas**
 Director, Urban Infrastructure, Water and Sanitation
 Projects **Fernando Peñaherrera**
 Direction of Analysis and Technical Evaluation of
 Water and Sanitation **Franz Rojas (Acting)**
 Direction of Habitat and Sustainable Movility
César Emil Rodríguez (Acting)

Manager, Physical Infrastructure and Digital
 Transformation **Antonio Pinheiro Silveira**
 Director, Infrastructure Projects **María Claudia Flores**
 Director, Transport and Energy **Sandra Conde**
 Director, Regional Integration **Carolina Rueda**
 Direction of Digital Transformation **María Claudia Flores (Acting)**

Knowledge Management **Adriana Arreaza (Acting)**
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 Director, Macroeconomic Studies **Adriana Arreaza**
 Director, Socioeconomic Research **Ernesto Schargrodsky**
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 Director, Funds and Impact Investments **Jorge Velarde**
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 Director, Business Development **Ignacio Andino**

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 Manager, Treasury **José Luis Villanueva**
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OF LATIN AMERICA

