



BLENDED FINANCE

2021

INSTITUTIONAL FUNDING
DEPARTMENT

WHAT IS BLENDED FINANCE?

For CAF, Blended Finance is the complementary use of donations, highly concessional instruments, and reimbursable financing from public and private sources to provide greater financial sustainability and viability to projects, with an impact on sustainable development.

PRINCIPLES PROPOSED BY THE OECD

Anchor usage to a development rationales

Design to increase the mobilization of commercial finance

Tailor to the local context

Focus on effective partnering

Monitoring of results and transparency

EL ROL DEL BLENDED FINANCE DURANTE EL COVID 2019

- Catalyze investments that contribute to accelerating economic recovery after COVID-19
- Target specific country's priorities in those sectors where the reconstruction of their economies can have a maximized impact:
 - SMEs
 - Women and girls support
 - Protection and creation of sustainable jobs
 - Support to health systems
 - Investment aligned with the SDGs*

*(OECD)

BLENDED FINANCE MECHANISMS



CONCESSIONAL PROGRAMS

CAF mobilizes highly concessional resources through Blended Finance programs in collaboration with diverse strategic Finances Allies, which serve projects and programs in sectors of common interest, both in USD and local currency.

SPECIAL INVESTMENT VEHICLES (SIV)

VEIs is an exclusive product created by CAF to meet the additional demand for financing in those countries with a better development compared to the rest of the region. Through the VEIs, resources are mobilized to the infrastructure sector under more favorable or unexistent market conditions.

COLLABORATION WITH MULTILATERAL CLIMATE FUNDS

Important Financial Allies include the Green Climate Fund (GCF), the Adaptation Fund, and the Global Environment Facility (GEF). Some financial instruments for collaborarion are: concessional loans, equity investments, non-reimbursable resources, and guarantees.

TECHNICAL ASSISTANCE RESOURCES

CAF uses leverages from various sources of resources for the structuring of Blended Finance. Highlighting the collection of resources from the Latin American Investment Facility (LAIF) through EDFIs (European Development Financial Institutions) directly with the Caribbean Investment Facility (CIF) as implementing entity. Other relevant Financial Allies in access to resources are the French Treasury (FASEP Facility) AFD, and OFID.

BENEFITED PROJECTS



ATACAMA SOLAR

Photovoltaic Solar Plant
 Country: Chile
 Year: 2018
 Amount: USD 79 M
 Period: 20 years

CAF: USD 40 M
 GCF: USD 39 M
 Private Banks: USD 20 M
 Refinancing: USD 40 M



A successful example of Blended Finance was the financing of the Climate Action and Solar Energy Development Program in the Atacama desert, in northern Chile, the region with the highest solar irradiation in South America.

CAF approved financing from its resources for USD 40 million and, as an Accredited Agency to the Green Climate Fund (GCF), obtained highly concessional resources from the Fund for USD 39 million, granting a total financing of USD 79 million.

The risk mitigation provided by the structure made it possible to attract resources from the private sector by catalyzing financing from BICE Bank and Security Bank for USD 10 million, each institution.

This Blended Finance was strengthened by concessional resources from the Japanese bank JBIC for USD 40 million, which allowed the project to access more competitive interest rates than those typically associated with this project profile and financial structure.

Expected contributions to development: 144 additional MW of generation capacity to the electrical system.

BENEFITED PROJECTS



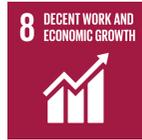
DEVIMAR

Concesionaria Desarrollo Vial al Mar

Country: Colombia

Year: 2019

Amount: USD 700 M



Another successful case of Blended Finance was the one provided to Concesionaria Desarrollo Vial al Mar (Devimar) in March 2019.

The added value of this Blended Finance was the combination, under competitive financial conditions, of a significant volume of resources from the private sector towards a strategic project for the development of the country.

Highlighting the raising of financing resources in local currency as it was a relevant need for the project given its generation of income in Colombian pesos.

This Blended Finance attracted resources of approximately USD 700 million from the private and development sectors, both in USD and in COP from: CAF, Financiera de Desarrollo Nacional (FDN), Instituto de Crédito Oficial de España (ICO), KFW, IDB Invest, Société Générale and BlackRock Debt Fund.

Expected contributions to development: 109,3 mi of roads built, improved and/or rehabilitated for 3,245,000 users.

BENEFITED PROJECTS



BANCO GUAYAQUIL

SMEs and Smart Agriculture

Country: Ecuador

Year: 2019

Amount: USD 75 MM

Period: up to 4 years

CAF: USD 15 M

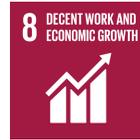
Proparco: USD 15 M

BIO: USD 15 M

Eco-Busines Fund: USD 20 M

Multibank (Panamá): USD 5 M

Banco de Occidente (Panamá): USD 5 M



CAF led the Blended Finance project for Banco Guayaquil of USD 75 million directed to the development of SMEs and the agricultural sector in Ecuador. This innovative structure, combined co-financing with an AB loan in a single scheme, attracting European agencies and private banks. It also provided technical assistance resources to strengthen its environmental and social management.

The facility will benefit between 1,000 and 1,500 small and medium-sized companies, including investments in green businesses, energy efficiency and smart agriculture. The financing allowed access to terms of up to 4 years.

Financial Allies such as Proparco, BIO, Eco-Business Fund, Multibank (Panama) and Banco de Occidente (Panama) participated in the structure. In this way, CAF's catalytic role materialized, creating the necessary conditions for the participation of private capital.

Expected contributions to development: 1,500 small and medium-sized companies benefited from operations through intermediaries.

BENEFITED PROJECTS



CAF-AM FERROCARRIL CENTRAL

Country: Uruguay
 Year: 2019
 Public Private
 Partnership (PPP)

CAF-AM: USD 350 M
 CAF: USD 85 M
 Other funders: USD 420 M



In order to make possible the participation of investors in long-term infrastructure projects, CAF, through its subsidiary CAF-AM, created the CAF-AM Ferrocarril Central Financial Trust for USD 350 million, equivalent to 3,000,000,000 Indexed Units.

The Ferrocarril Central Railway Project is a key piece for the logistics development of the country, it will be developed under the Public-Private Partnership (PPP) modality and involves the financing, design, construction, rehabilitation and maintenance of 170 mi of railway infrastructure between the port of Montevideo and the city of Paso de los Toros.

The total financing includes a long-term loan granted by CAF of USD 85 million, which, together with the resources of the Debt Fund of USD 350 million and other investors, reaches USD 855 million. CAF-AM Ferrocarril Central attracted investment appetite from pension funds, public banks, private banks, insurance companies, multilateral institutions and even individuals.

The structure involved the issuance of Certificates of Participation in Uruguayan pesos, which additionally has a favorable impact on the development of the country's stock market.

