

OTHER SHAREHOLDER COUNTRIES

CAF approved operations in favor of Mexico for USD 575 million

BARBADOS/CHILE/COSTA RICA/ DOMINICAN REPUBLIC/JAMAICA/ MEXICO/PORTUGAL/SPAIN/

BARBADOS

In 2016, CAF continued to increase its presence in Barbados with disbursements in the amount of USD 35 million, corresponding to the outstanding balance of two sovereign budget support loans approved in 2015. Additionally, a work program was developed with Barbadian authorities for the next three years. Progress was made on the evaluation of two operations: one in the water sector and the other in fiscal logistics and customs.

The established work program was enriched by the technical missions implemented jointly with the country's authorities to evaluate various investment projects.

Finally, CAF approved USD 2 million in operations with cooperation resources for development, as a complement to the institution's financing action.

CHILE

In 2016, CAF strengthened its presence in Chile with approvals for a total of USD 253 million. Approvals and/or renewals of seven lines of credit for a total value of USD 245 million for Chile's financial system stand out. CAF seeks to consolidate its presence in this sector, at the same time that it promotes improvements in non-banking financial institutions, particularly those related to the leasing sector. In addition, a line of credit was approved for the company Exportadora Subsole for USD 7.5 million with the aim of financing agricultural exports.

In addition to the financing action, CAF approved technical cooperation funds for the nonprofit Fundación Espacio Público, which seeks to strengthen mechanisms of accountability and transparency in the use of public funds, and for Sercotec, Chile's Technical Cooperation Services, with the aim of strengthening micro-insurance institutions.

OTHER SHAREHOLDER COUNTRIES IN FIGURES (in USD millions)

	2016	2012-2016
Approvals	1,848	8,311
Sovereign risk	1,100	5,119
Non-sovereign risk	748	3,191
Disbursements	1,386	4,612
Sovereign risk	808	2,419
Non-sovereign risk	578	2,193
		2016
Portfolio		1,382
Sovereign risk		650
Non-sovereign risk		732

In terms of social innovation, CAF supported a project led by Universidad Tecnológica Metropolitana, in conjunction with the Association of Rural Municipalities and the Habitability Program of the Solidarity and Social Investment Fund (Fosis) of the Ministry of Social Development, to promote energy efficiency with multidimensional impact in 300 vulnerable households in Chile, making cost-efficient repairs in rural and urban communities in Santiago, Chile with a multi-dimensional impact in health, housing safety, productive work, comfort and savings in family budgets. Also, the B movement was deepened in the country with 85 B-certified companies and 87 scholars from 15 Chilean universities linked to Academy B. Likewise, CAF participated in the Latin American Forum of Social Innovation and University Social Responsibility, where the role of the academy in the construction of sustainable development was fostered.

Finally, third-party funds in the amount of USD 75 million were mobilized for the Atacama Solar project. The funds were obtained from the Green Climate Fund (GCF) and Banco BICE Chile.

COSTA RICA

In 2016, CAF continued to support the microfinance sector in Costa Rica with the renewal of Banco Improsa's line of credit for USD 10 million for SMEs in the country. Various missions and high-level meetings were also conducted to promote financing and technical assistance opportunities in the coming years.

In social innovation, support was granted for the organization of the "II Latin American Meeting for Social Innovation in the Public Sector" to boost collective talent, social entrepreneurship and citizen participation as facilitators of social innovation. Also, from the *Innovación con Sentido* platform, technologies for social change and the development of the open data platform were fostered.

DOMINICAN REPUBLIC

In 2016, CAF and Dominican Republic signed a new capital contribution agreement for USD 50 million to expand the institution's spectrum of action in the country in the upcoming years. The new agreement establishes a three-year payment schedule and allows for an additional potential portfolio of up to USD 200 million starting in 2019.

In addition, CAF renewed a credit line for Banco BHD León for USD 15 million in support of the country's productive transformation and economic growth through the financing of long-term investments.

Finally, in social innovation, with the support of Radio Marién as an educational instrument with regional scope, health campaigns were developed in the field of malaria and chikungunya prevention. Efforts were continued to implement the model of Bankomunales as educational tool for community organization and access to financial services, successfully replicated on the other side of the border in Haiti.

JAMAICA

In 2016, the process of identifying opportunities for priority operations suitable for CAF's support to ensure the country's development continued. Additionally, efforts were made to examine the agenda of technical assistance in Jamaica to boost value-added interventions that complement the institution's financing actions.

MEXICO

During 2015, CAF approved operations in favor of Mexico for USD 575 million, of which 87% (USD 500 million) corresponded to sovereign risk operations and a 13% (USD 75 million) to non-sovereign risk operations and non-reimbursable funds.

Approved operations for the sovereign sector correspond to the renewal of credit lines for Bancomext and Nacional Financiera (NAFIN) in the amount of USD 200 million and USD 300 million, respectively, aimed at financing working capital, trade and project financing for its clients.

In the non-sovereign sector, a line of credit of USD 50 million was approved and granted to the Special Fund for Agricultural Financing (FEFA), which provides funding for the entire value chain of the agricultural sector. A syndicated senior loan for USD 15 million was approved for Unifiin Financiera S.A.B. to support the growth of its customer portfolio focused on the sector of SMEs with limited access to financing.

In addition, CAF approved USD 4.8 million in operations using cooperation funds for development, as a complement to the institution's financing action. With these cooperation funds, CAF supported the Transport and Mobility Association of Mexico (AMTM) for the organization of the "VIII International Transport Congress," with the objective of fostering the promotion of comprehensive, participatory and competitive development of the Mexican transport sector.

Also, the Secretariat of Energy received support for the development of the "International Conference on Power Efficiency in Cities 2016" to deepen the knowledge and understanding of the guidelines and elements needed to increase power efficiency, as a key element for intelligent and sustainable cities.

On the other hand, Centro Mario Molina was given support for the preparation of an analysis of risk and vulnerability management in the face of climate change and extreme events for the highway sector in Mexico, in order to propose action strategies and specific adaptation and risk management measures that contribute to disaster prevention and increased resilience of the highway infrastructure.

ProMexico received support for an initiative focused on the development of an operating model for the purpose of promoting the productive chain of Mexican SMEs and their integration in global value chains, through their industrial link at different levels to enhance market access in strategic sectors of the Pacific Alliance.

In public policy matters, support was given to the Secretariat of Social Development for the organization of the "IV High-level Meeting of the Network of Colleagues for the Multidimensional Measurement of Poverty." Also, CAF accompanied the Secretariat of Government of Mexico City in the drafting of the proposal for the Constituent Assembly on the issue of territorial and urban planning.

For the organization of the "IV Conference of Latin American Think Tanks," the Mexican Council of International Affairs received financing, with the aim of supporting the positioning of Latin American think tanks as key organizations in the development of the countries of the region through the evaluation and implementation of public policies.

In the area of social innovation, through support for CO_Plataforma, System B operations were launched with 15 B-certified companies and 30 new B multipliers. Support was given Kaya Impacto, a financial consultancy that advises social entrepreneurs about raising capital; its clients include Bolsa Rosa, Pixza and Hipocampus. At the same time, CAF supported the strengthening of Ashoka, the global network of social entrepreneurs, and drove the scalability of solutions to social problems through the Globalizer X Mexico program. Finally, the Inclusive Innovation Laboratory was opened at Universidad Tecnológica de Santa Catarina in Nueva Leon, Mexico, within the framework of the DIA Project (Democratizing Innovation in the Americas), driven by CAF in partnership with the Organization of American States (OAS), Microsoft, Western Union and The Trust for the Americas.

As part of this initiative, 492 youths and 122 teachers were trained in innovation. Of 73 projects evaluated, 28 received seed funding for their development and implementation. In addition, more than 1,200 young people benefited from access to the Innovation Lab and two POETA centers were strengthened with courses on innovation and entrepreneurship.

PORTUGAL

In 2016, a partnership with the *Instituto para a Promoção e Desenvolvimento da América Latina (IPDAL)*, an entity which aims to promote relations between Portugal and Latin America, was strengthened. In addition, CAF participated in the V Meeting “The Strategic Triangle: Latin America, Europe, Asia” organized by IPDAL.

Institutional activity focused on consolidating relations with the Secretariat of State of the Ministry of Finance and with the Central Bank of Portugal. In the business field, closer ties were established with *Caixa Geral de Depósitos and Sociedade para o Financiamento do Desenvolvimento (SOFID)*, institutions with which CAF has a line of credit and equity investment, respectively.

In the academic field, within the framework of the agreement established with the University of Lisbon, RED 2015: *Un Estado más efectivo. Capacidades para el diseño, la implementación y el aprendizaje de políticas públicas*. (A more effective state: Capabilities for public policy design, implementation, and learning) was presented.

Finally, in the financial sector, a line of credit granted *Caixa Geral de Depósitos* for USD 50 million was renewed targeted to the financial institution’s foreign trade operations and working capital.

SPAIN

In 2016, at the institutional level, CAF reinforced and expanded relations with its strategic partners through the renewal of agreements with public and private agencies, and leading academic institutions in the country, through the drafting of comprehensive work agendas, with long-term prospects.

In this regard, CAF renewed its agreement with *Casa de América*, an entity that contributes to better understanding between Spain and Latin America, emphasizing cultural, social, political and economic links on both sides of the Atlantic. CAF, as a high-patronage member, held events to promote regional knowledge and exchange experiences with leading institutions on development issues.

Within the context of the relationship with the nonprofit Fundación Carolina, the “Ibero-American Program of Public Leadership” was organized, aligned with the strategy of strengthening Latin American officials and potential leaders. CAF is part of the Business Advisory Council of the Elcano Royal Institute (RIE) and supports the think tank’s events, like “Spain in the 2016-2030 sustainable development agenda” and “The Geopolitics of TTIP,” dedicated to analyzing the opportunities and challenges generated by the Transatlantic Trade and Investment Partnership for Spain and Latin America.

In addition, CAF deepened its relationship with the nonprofit Fundación Real Madrid, a partner of CAF’s SOMOS project, along with the Scholas Foundation, an initiative of Pope Francis for the social inclusion and education of young children in the region, with the presence of CAF’s Executive President, Enrique García, at the opening of the Scholas Citizenship Program held in Madrid.

In the business sector, the European office’s activity focused on its strategic goal of globalizing CAF’s business, as well as become the link between Europe, particularly Spain and Portugal, and Latin America and the Caribbean.

Spain's economic situation and the needs of the Spanish business sector have changed considerably in recent years. In 2016, CAF's work focused on strengthening initiatives that contribute to providing a response to the requirements of Spanish companies.

A strategic alliance with the Instituto de Crédito Oficial (ICO) is an example of adaptability. Thanks to the solid relationship with ICO, and the continuing effort to explore new ways to support Spanish and Latin American business sectors, as well as take advantage of the opportunities in both regions, ICO extended a line of credit for USD 300 million to CAF to channel financing to Spanish companies with a presence in Latin America. The agreement signed in 2016 will finance investment projects and cover medium and long-term liquidity needs for exports in the region. In addition, CAF renewed a credit line awarded ICO for USD 300 million.

In this support work, and to meet the growing interest of the Spanish business sector in Cuba, a technical cooperation operation was approved for Compañía Española de Financiación del Desarrollo (Cofides) in the amount of USD 500,000 to support Spanish companies' investment and train Cuban employees with the aim of contributing to the development of talent.

In line with CAF's new private-sector strategy in the agro-industry sector, the European office sought out partners, best practices and business opportunities with Spanish institutions in this sector. Progress was made on the dialogue with the main Spanish and European agrifood institutions such as the Spanish Federation of the Food and Beverage Industries (FIAB), and a mission of Latin American businesspeople to the Ebro Valley was organized.

The IV edition of the *Futuro en Español* program, the result of an alliance with the Vocento Group, offered a platform for interaction between Spain and Latin America in various sectors of interest such as innovation, cities, agribusiness, infrastructure and journalism. In the 2016 edition, several workshops were organized in the cities of Madrid, Santander, Gijón, Málaga, Logroño, Valencia and Santiago de Chile.

Finally, in the area of knowledge, the office's work was devoted to the consolidation of the European academic network with the launch of the website ([https:// www.caf.com/red-academica/](https://www.caf.com/red-academica/)). This network is formed by prestigious universities from Spain (University of Alcalá) and University of Salamanca), France (Sciences Po), Portugal (University of Lisbon), United Kingdom (Oxford University and London School of Economics) and Germany (GIGA).

OTHER CAF ACTIONS IN EUROPE

The European office's mission is to support CAF's globalization process, working toward a regional vision within a space of global action.

Throughout 2016, Enrique García, CAF's executive president, conducted an institutional tour to several European countries with the support of the European office and the Secretariat of External Relations. In the United Kingdom, CAF's expanding presence was validated with the award of the Canning House medal given the executive president in recognition of the institution and its role in promoting the deepening of relations between the United Kingdom and Latin America. As part of this mission trip, meetings were held with several British agencies and organizations with ties to Latin America, including the Foreign Office and the London School of Economics (LSE), where the III Annual CAF-LSE Conference was inaugurated. CAF participated in two more events organized and held on the LSE campus: the conference "From Tailwinds to Headwinds. Can Latin America Weather the Storm?" and the round table event "Leadership in times of uncertainty: the role of regional development banks in Latin America."

In addition, the executive president participated in events in Italy and France, contributing to raising awareness about CAF in Europe. In Italy, the executive

president attended a papal audience granted by his Holiness Pope Francis in Rome. In France, he participated in the launch ceremony of the Regional Program for Latin America and the Caribbean, an OECD initiative to support the region's efforts that promote its agenda of reforms to increase productivity, advance social cohesion, and fortify institutions and governance, where CAF actively participates along with other multilateral agencies.

CAF maintains an agenda with the maximum representative bodies of the European Union, like the European Commission (EC), through the Directorate-General for International Cooperation and Development (DEVCO) and the European External Action Service (EEAS); and the European Investment Bank (EIB).

On the other hand, CAF has become a leader in the generation of content and exchange of experiences and good practices in matters related to Latin America and the Caribbean.

The main tool that has positioned CAF as a leading academic source on Latin American issues is the European Academic Network, which has consolidated and strengthened throughout 2016 with the renewal of agreements with London School of Economics (LSE), Sciences Po, Oxford University and the University of Alcalá, in addition to the annexation of the German Institute of Global and Area Studies (GIGA) as a member of the network.

These strategic alliances allowed CAF to carry out diverse activities of interest for the interchange of knowledge between regions, including: the III Annual CAF-LSE Conference "Global governance in an era of uncertainty;" III CAF-Oxford Conference "The Challenges of Informality in Latin America;" the CAF-Oxford Conference in Brasilia "The future of the social policy in Latin America: Is the good news fading?;" the Po-CAF Seminar International Sciences Seminar in Bogota "Governance of the public space in Latin American cities, a shared perspective;" and the presentation of RED 2015 *Un Estado más efectivo (A more effective state)* at the University of Salamanca (Spain), the University of Lisbon (Portugal) and the University of Sciences Po (Paris).

MULTINATIONAL

In the multinational environment, in 2016, a corporative loan was approved for the Latin American Agribusiness Development Corporation in the amount of USD 25 million with the objective to support the financing of private agricultural projects in Latin America and the Caribbean at every phase: production, storage, service, technology and marketing. Additionally, an equity investment in the Darby Latin American Private Debt Fund III was approved to grant structured debt to medium-sized companies operating in Brazil, Colombia, Mexico and Peru in high-growth economic sectors, including infrastructure, manufactures, health and education.

On the other hand, the line of regional contingent financing was renewed in the amount of USD 300 million, whose objective it is to finance the prevention and attention of extreme climate events, earthquakes, pollution accidents and epidemics. Also, four lines of credit were renewed for diverse regional financial institutions for a total amount of USD 300 million, with the purpose of supporting the financing of infrastructure projects in Latin America and the Caribbean.

Finally, CAF approved USD 6.6 million in operations with cooperation funds for development, as a complement to the institution's financing action.