



# actsheet

on Financing Solutions  
Development Bank of Latin America



**Wuppertal  
Institut**

**UN HABITAT**  
FOR A BETTER URBAN FUTURE



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This publication is part of the  
Future Radar Project funded by the H2020  
framework of the European Commission

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**Berlin, 2018**

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The project has received funding from the European Union's Seventh Framework Programme and Horizon 2020 under the grant agreements no 604714 (SOLUTIONS) and no 723970 (FUTURE RADAR)

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**Urban Electric Mobility Initiative (UEMI)** was initiated by UN-Habitat and the SOLUTIONS project and launched at the UN Climate Summit in September 2014 in New York.

UEMI aims to help phasing out conventionally fueled vehicles and increase the share of electric vehicles (2-,3- and 4-wheelers) in the total volume of individual motorized transport in cities to at least 30% by 2030. The UEMI is an active partnership that aims to track international action in the area of electric mobility and initiates local actions. The UEMI delivers tools and guidelines, generates synergies between e-mobility programmes and supports local implementation actions in Africa, Asia, Europe and Latin America.

**Future Research,** Advanced Development and Implementation Activities for Road Transport (FUTURE-RADAR) project will support the European Technology Platform ERTRAC (the European Road Transport Research Advisory Council) and the European Green Vehicle Initiative PPP to create and implement the needed research and innovation strategies for a sustainable and competitive European road transport system. Linking all relevant stakeholders FUTURE-RADAR will provide the consensus-based plans and roadmaps addressing the key societal, environmental, economic and technological challenges in areas such as road transport safety, urban mobility, long distance freight transport, automated road transport, global competitiveness and all issues related to energy and environment.

FUTURE-RADAR will also facilitate exchange between cities in Europe, Asia and Latin America on urban electric mobility solutions. The FUTURE-RADAR activities include project monitoring, strategic research agendas, international assessments and recommendations for innovation deployment as well as twinning of international projects and comprehensive dissemination and awareness activities. Overall it can be stated that FUTURE-RADAR provides the best opportunity to maintain, strengthen and widen the activities to further develop the multi-stakeholder road transport research area, for the high-quality research of societal and industrial relevance in Europe.

UEMI

Future Radar

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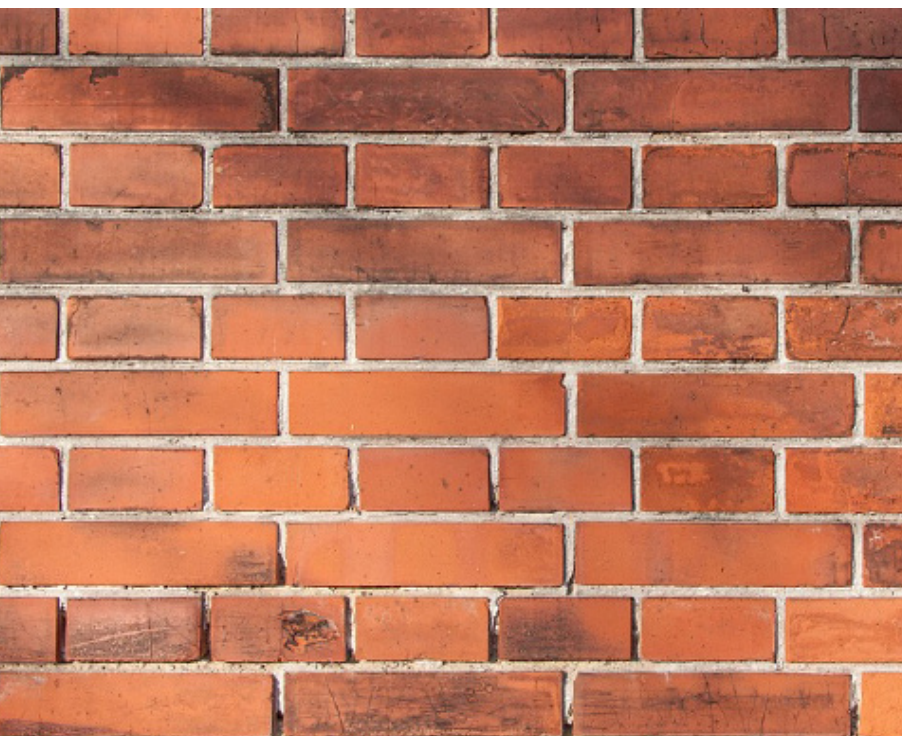


## Development Bank of Latin America - CAF

**CAF is a development bank created in 1970**, owned by 19 countries - 17 of Latin America and the Caribbean, Spain and Portugal- as well as 13 private banks in the region. It promotes a sustainable development model through credit operations, non-reimbursable resources, and support in the technical and financial structuring of projects in the public and private sectors of the shareholder countries of Latin America.

Name of the Initiative

Short description



## 17 countries of Latin America and the Caribbean plus Spain and Portugal

### UEMI countries

#### Brazil

Approved amount: USD 8.6 billion

Main sector: Urban development and Transport

#### Ecuador

Approved amount: USD 4.0 billion

Main sector: Energy

#### Mexico

Approved amount: USD 8.3 billion

Main sector: National development banks

Yes

### CAF Country Offices

#### Brazil

Representative: Jaime Holguín

Address: SAF/Sul Quadra 2 Lote 4 Bloco D

Edifício Vãa Esplanada Sala 404

#### Ecuador

Representative: Bernardo Requena Blanco

Address: Av. 12 de Octubre N.24-562 y Cordero

Edificio World Trade Center, Torre A, Piso 13

Quito

#### Mexico

Representative: Emilio Uquillas Freire

Address: Avenida Paseo de la Reforma # 342, Piso 23

Edificio New York Life Seguros Monterrey

Colonia Juárez, CP 06600 México DF

## Geographic Scope

Brazil

Ecuador

Mexico

Directly accessible  
for cities - YES

Focal point at the  
national level

## Loans

### **Loans represent CAF's main financial instrument.**

There are also different types of loans: commercial loans (pre-shipment and post-shipment) and working capital loans, for projects and limited guaranty loans.

CAF finances sovereign risk and non-sovereign risk operations. Loans can be granted in all stages of project implementation; however, under certain circumstances and within the context of a comprehensive credit, CAF may provide loans for the promotion of exports and working capital to companies or financial institutions.

### **Among the advantages of this program are:**

- Access to better financing terms based on the support of a multilateral institution that meets a client's need in terms of duration (simultaneously, short, medium and long term).
- Flexibility and responsiveness that characterizes CAF.

## **Syndicated loans**

A syndicated loan consists of a structure in which a financial institution exercises leadership in a credit operation and brings together a group of banks and/or other institutions (Participants), to respond to the needs of a client under the umbrella of a single loan. Under this structure, creditors share the same rights and obligations (pro rata).

Syndicated loans can take various forms depending on the interest and the risk level of the lead financial institution (holder and/or administrator of the loan) and the Participants. Under this premise, syndicated operations in CAF can take the form of co financing or an A/B loan.

### **The borrowers of syndicated loans have the following advantages:**

- Possibility of ensuring total financing of the project in a single loan, lowering fixed costs and simplifying negotiations.
- Access to longer financing terms, considering CAF's multilateral character.
- Establishing and deepening of business relations with first-class international banks.
- Flexibility and responsiveness in the operations' approval process.



## A/B Loans

A/B Loans preserve the concept of pro rata of a syndicated loan, but change the capacity of each creditor to enforce those rights. The main change consists on CAF's actions as sole holder of the whole A/B Loan (that is, the Lender of Record), which results in a higher level of control over its management by CAF.

### **As holder of the A/B Loan, CAF will:**

- Manage the credit entirety in relation to the client.
- Finance the part of the loan (Tranche A) in which the Participants do not take part.
- Sell a portion of the loan (Tranche B) to the Participants under participation agreements.
- Autonomy in the management of Tranche A and have certain rights and obligations with the Participants of Tranche B.

## Technical Cooperation

**CAF finances specialized projects** that help improve technical capacity in shareholder countries, with the goal of generating innovative programs that contribute to sustainable development and regional integration. Technical cooperation projects are aimed at companies, international agencies or public and private organizations. In several countries, applications from public entities are prioritized through a single government agency, which coordinates external funding for technical assistance programs within their national or regional development plans. Private sector projects are restricted to trade unions, small and medium-sized enterprises and financial institutions that specialize in supporting SMEs.

**In order to qualify for financing,** technical cooperation projects have to meet certain eligibility criteria and must be compatible with CAF's development goals. These include the following: pre-investment, feasibility studies, investment projects aimed at creating or expanding manufacturing, institution building, industrial development, export development, financial or capital markets development and integration, technology transfer, climate change and environmental protection, social development and promotion of cultural values, among others.

CAF has a number of technical assistance funds, some of which are focused specifically on certain strategically important goals, such as high-impact and innovative community development projects in socially

## Technical Cooperation



vulnerable and disadvantaged areas; sustainable infrastructure and human capital development projects in border areas; as well as the strengthening of shareholder capital of small and medium-sized enterprises in member countries.

**In addition**, CAF can also draw on technical cooperation funds made available by foreign government agencies, including Italy's Foreign Affairs Ministry, Spain's Economy Ministry, the French Development Agency (AFD) and the German Development Bank (KfW), as well as from the Latin America Investment Facility (LAIF) of the European Union.

Besides loans and technical cooperation, CAF also provides other services to its such as:

- Financial consultancy
- Partial Guarantees
- Treasury services
- Credit lines
- Structured financing
- Guarantees and collaterals
- Stock ownership

### **Scope of funding**

**The range of projects that CAF** may fund varies, and includes plans related to infrastructure for roads, transportation, telecommunications, power generation and transmission, water and sanitation, as well as those that encourage border development and physical integration between shareholder countries. In the area of industry, CAF invests in projects to expand and modernize the production capacity and business integration of its shareholder countries in regional and global markets.

### **Eligibility**

**Eligible transactions** for funding by CAF are those that are submitted by the governments of shareholder countries, as well as private or mixed capital sector projects from a wide range of economic sectors.

## Scope of funding

## Eligibility

### **Budget available**

**The minimum amount of an A/B loan** should be USD 50 million. The maximum amount is based on the project and the capacity to attract investors within the framework of the norms set forth by CAF. Generally, CAF has to maintain a minimum of 25% of the total amount of an A/B Loan, by financing the A Tranche.

### **Timeframe**

**The allocated loans** can be short term (1 year), medium term (1-5 years), and long term (over five years). Syndicated Loans require a minimum term of two years.

### **Institutions typically involved in the implementation**

Operations submitted by private or mixed companies will be considered eligible for financing.

In addition, operations with non-sovereign public sector companies can be made selectively.

Finally, for eligibility of the Borrowers in Syndicated Loans, the same eligibility criteria set forth in CAF's internal policies will be taken into account.

<https://www.caf.com/en/about-caf/>

Budget available

Timeframe

Institutions

Website





[www.uemi.net](http://www.uemi.net)



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More Information

Implementing  
Partners

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