

# **CORPORACIÓN ANDINA DE FOMENTO** *(Andean Development Corporation)*

***Latin American Carbon Program (PLAC):  
A Concrete Product from a  
Latin American Bank***

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**Bonn, July 18th, 2001**



# CAF MANDATE

## To Promote Sustainable Economic Development and Regional Integration

- Encourage member countries' efforts to achieve macroeconomic stability and competitiveness
- Support member countries' efforts to strengthen their financial systems and foster the development of local capital markets
- Promote and finance sustainable infrastructure projects, especially integration infrastructure and regional logistics
- Encourage privatization efforts and private sector development, including SMEs and microfinancial institutions
- Support reform processes and modernization of the State
- Further enhance CAF's catalytic role



# CAF SHAREHOLDERS



## Andean

- Bolivia
- Colombia
- Ecuador
- Peru
- Venezuela

## Non-Andean Members

- Brazil
- Jamaica
- Panama
- Trinidad & Tobago
- 22 Private Banks from the region

- Chile
- Mexico
- Paraguay

## Future Members

- Spain
- Argentina
- Uruguay
- Costa Rica
- Dominican Republic

**CAF**

# KEY CREDIT STRENGTHS

CAF is the highest rated issuer in Latin America

- ✓ **Consistent profitability**
- ✓ **Sound asset quality**
- ✓ **High liquidity**
- ✓ **Strong capitalization**
- ✓ **Demonstrated shareholder support**
- ✓ **Supranational/Preferred creditor status**

**Investment  
Grade  
Ratings**

<b>S&amp;P:</b>	<b>A</b>
<b>Moody's:</b>	<b>A2</b>
<b>Fitch:</b>	<b>A</b>
<b>NAIC:</b>	<b>1</b>



# SUSTAINABLE DEVELOPMENT DEPARTMENT



UNEP Finance Initiatives  
Innovative Financing for Sustainability

- Objectives
  - reduce environmental and social risks
  - improve the management of natural assets
  - promote social participation and values
  - support research and training
  - develop environmental business opportunities
- Organization
  - Operations' support and supervision
  - Research, training and outreach
  - Environmental business opportunities



# PLAC

## *(Latin American Carbon Program)*

- ◆ Launched March 1999
- ◆ Strategic partnership with CSDA
- ◆ Endorsement from heads of state of the region
- ◆ Motivation:
  - Complement activities on disaster mitigation from El Niño
  - Jump start the carbon market in Latin America
  - CAF member countries great potential of becoming providers of high quality and value added global environmental services

# PLAC components

- ✦ Technical assistance and exchanges
- ✦ Capacity building among public and private sectors
- ✦ Studies, publications and outreach materials
- ✦ Project development:
  - Contribute to sustainable development of country/region
  - Use methodologies acceptable under Kyoto Protocol
  - Produce reductions which are measurable/verifiable

# PLAC projects

- La Sierra – EE.PP.MM.
  - Expansion of natural gas cogeneration facility owned by Empresas Públicas de Medellín (EE.PP.MM), Colombia
- CAMETRO
  - Addition of new line for the metro system in Caracas, Venezuela

# EE.PP.MM: Energy Efficiency

## *Natural gas fueled generation plant*

- Total investment: US\$ 124.6 million
- CAF's financing: A/B loan US\$ 92.2 million
- Co-structured with Citibank NA and other international banks.
- Loan period: 12 years
- Changed from single to combined cycle.
- Plant efficiency increase from 35% to 56.5%
- Capacity increase from 381 MW to 481 MW, without increase in fuel consumption.
- Heat rate decrease from 9,780 to 6,033 BTU/KWh
- Emissions reduced from 642 to 405 Tons of CO<sub>2</sub> per GWh.
- From May 1999 to November 2000, over 2328 jobs have been created, out of which 2194 directly generated by the plant.
- Potential to reduce 3.3 MM tons of CO<sub>2</sub> in the 15 years of the project's life.



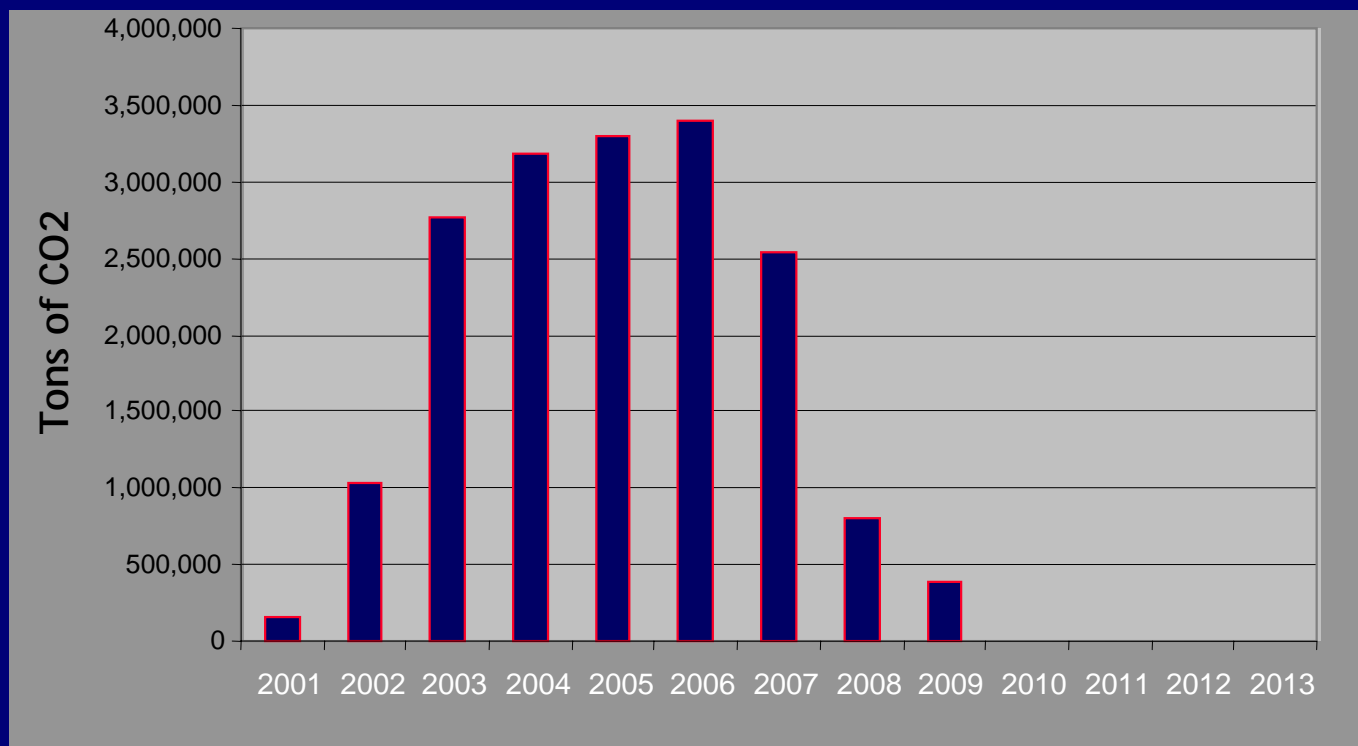
# PROJECT PORTFOLIO

Project type	Annual T/CO2	Share
Renewable electricity	220,313	6.5%
Conventional Electricity	2,168,691	64.4%
Electricity transmission	79	0%
Energy efficiency	50,120	1.5%
Transportation	65,933	2.0%
Methane	850,000	25.3
Other	10,077	0.3%
<b>TOTAL</b>	<b>3,365,213</b>	<b>100%</b>

**Total number of projects** 24  
**Average CERs per project** 120,186



# Potential CERs Output of Current Project Pipeline



# WEB SITES

- Corporación Andina de Fomento
  - <http://www.caf.com>
- Programa Latinoamericano de Carbono
  - <http://www.carbonprogram.com>
- Center for Sustainable Development in the Americas
  - <http://www.csdanet.org>