

Central American Bank for Economic Integration



CABEI

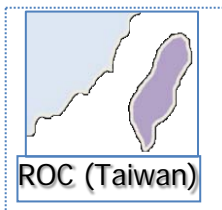
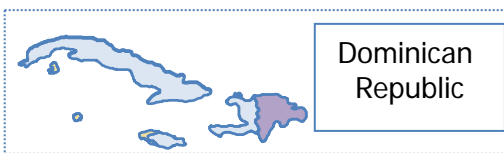
Mobilizing Climate Finance

Climate Change Expert Group Global Forum

Background and Foundations



- **Supranational Development Bank focused on Central America¹, founded in 1960 pursuant to a Constitutive Agreement among Central American nations**
 - **Headquartered in Tegucigalpa, Honduras (290 employees)**
 - **Five Founding Members:**
 - ▶ Costa Rica
 - ▶ El Salvador
 - ▶ Guatemala
 - ▶ Honduras
 - ▶ Nicaragua
 - **Non-Founding Regional Members:**
 - ▶ Panama² and Dominican Republic²
 - **Non-Regional Members:**
 - ▶ ROC (Taiwan), Mexico, Argentina², Colombia² and Spain
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- In over 50 years of operation, the Bank has contributed to the transformation of Central America into a dynamic region. It has been a pioneer in the backing of social programs, development economics, education and SME finance.



¹ Includes Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica

² Countries are non-founding and beneficiary members

³ Belize is a beneficiary member only (not required to subscribe for CABEI's capital)

Vision

Act as a strategic partner for improving the quality of life of the Central American population through the sustainable development of the territory and its resources



Largest long-term funding provider in the region, CABEI has provided as much as 55% of all multilateral financing to the region

Housing and rural development projects financed by CABEI directly benefit about 2.2 million families

Leaders of infrastructure financing, providing for 1,263 kilometers of highways and roads, benefiting as much as 302,000 users per day, as well as 8,176 km of power transmission lines and more than 1,400 MW of new power generation, mostly renewable

CABEI's education and health sector programs benefit about 5.5 million children. Additionally, more than 2,000 students in higher education will benefit from the construction of 5,273 square meters in educational infrastructure

CABEI contributes to the achievement of the Millennium Development Goals (eight international development goals officially established by the international community), facilitating the development of more than 286,000 homes, 6,000 household water connections, 85 aqueducts, three disaster emergency centers and 310 hospital beds

CABEI promotes over 48,000 SMEs, 54 municipalities, 1,507 suppliers and 42 financial institutions, helping to strengthen the labor market with an average of 156,000 permanent and temporal jobs per annum





Mission

Promote the economic integration and balanced economic and social development of the Central American countries



Preferred creditor status

Ampler liquidity position, equivalent to over 6 months of gross cash needs (as of June 2012)

One of the highest-rated issuers in Latin America
Moody's A2 (Positive) / S&P A (Stable) / Fitch A (Stable)

Strong capitalization, with a 36.12% Capital Adequacy Ratio (as of June 2012)

Decisive financial support from its founding members, evidenced in the subscription of US\$ 3.83 billion of CABEI's recently increased authorized capital of US\$5.0 billion

Prudent Asset and Liability Management assuring that CABEI focuses in the credit and loan business

Highly diversified funding strategy, including financial resources from global capital markets (approximately 60% from international capital markets of the Americas, Europe, and Asia) and credit facilities from more than 25 international banks and bilateral institutions



CABEI's 2010-2014 Institutional Strategy



Strategic Axes

Environmental Sustainability

Social Development

- Create Income Generating Opportunities
- Contribute to Human Capital Development
- Strengthen the Coverage of Basic Needs and Services

Competitiveness

- Promote strategic infrastructure initiatives to support countries' economic activities
- Promote capital mobilization that benefit the investment in productive sectors
- Support modernization and promotion of regional institutional strength
- Contribute to productivity through science, technology and innovation

Regional Integration

- Contribute to strengthening of internal and external commercial ties
- Promote the development and reach of the regional financial market
- Promote the physical integration of the region
- Support efforts to consolidate regional institutional strength

Focus Areas



Infrastructure



Financial Intermediation & Development Finance



Agriculture & Rural Development



Energy



Industry, Urban Development & Competitiveness Services



Human Development & Social Infrastructure

CABEI Climate Change Framework



- CABEI has carried out several policy, programs and initiatives beginning in 1996 developed to work to fundraise, manage and invest resources dedicated to promote the social development and protection of the environment and natural resources in Central America.

CABEI Policies Related to Climate Change (2008-To Date)



- Central American Markets for Biodiversity Program (CAMBio) – 2006
- Accelerating Renewable Energy in Central America Program (ARECA) - 2006
- Central American Energy Sector Strategy – 2008
- Social and Environmental Policy - 2009
- System for Identification, Mitigation and Evaluation of Social and Environmental Risks - 2009

CABEI Policies Related to Climate Change (2008-To Date)



- Institutional Responsibility Plan – 2009
- Environmental Efficiency Program – 2009
- CABEI Strategy 2010-2014 “Competitiveness with Social Development and Integration” – 2010
- Environmental Strategy – 2011

CABEI Tracking

- CABEI conducts monthly and quarterly tracking of the main objectives included in its Annual Business Plan, including programs and initiatives related to climate change.
- Despite not currently having a specific tracking of climate change finance per se, most of the information related to this topic is tracked at a programmatic and/or business level.

Historical Data

Direct Lending

- Since 1961, CABEI has financed US\$ 3.5B to the energy sector in Central America. Of that total, US\$ 2.2B (64%) has been dedicated to the finance renewable energy projects.
- The countries where most of this investment has taken place are: Costa Rica (US\$ 1.3B), Honduras (US\$816M) and El Salvador (US\$503M).

Historical Data

Intermediary Financing

- This mechanism has been used predominantly to attend the micro and small enterprises that do not ordinarily have access to credit from commercial and private banks.
- Approximately 19,000 beneficiaries have received direct assistance through these credits.
- As of 2012, more than US\$ 25Million have been dedicated to this segment, through pre-investment and technical assistance loans.

Third Party Resources

- Currently there are facilities for approximately EUR470Million that are exclusive for climate change finance, energy efficiency and renewable energy projects.
- Most of these resources are from foreign investment bank resources.



CABEI

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Thank you