

## PRESS RELEASE

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### German and Latin American development finance institutions join forces

- CAF, KfW Entwicklungsbank and DEG sign Cooperation Agreement
- Use of development sources in Latin America enhanced

KfW Entwicklungsbank (KfW Development Bank), DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH and the Corporación Andina de Fomento (CAF) signed today a Cooperation Agreement on the occasion of the IMF World Bank Annual meetings in Singapore. The agreement has been signed by Wolfgang Kroh, member of the Board of Managing Directors of KfW, Dr. Michael Bornmann, member of the Board of Management of DEG and Executive President Enrique García of CAF.

The three parties wish to establish a closer cooperation amongst each other with the aim of coordinating joint financings on commercial financial terms in CAF's shareholder countries in Latin America. While DEG centres on financing private-sector companies, KfW Entwicklungsbank focuses on municipalities, state-owned entities – mostly in the infrastructure sector - and microfinance institutions.

KfW's member of the Board of Directors, Wolfgang Kroh, said: "The coordinated procedures and joint financings are at the very top of the development-political agenda. This agreement is a step towards donor harmonisation. Our partner countries and institutions will benefit from this joint approach because the cooperation will allow for the mobilisation of larger fund volumes thereby enabling us to act in a more powerful and efficient manner in the countries of Latin America." The Cooperation Agreement establishes the formal relationship between CAF on the one hand and DEG and KfW Entwicklungsbank on the other, to identify, evaluate and structure joint financings of eligible public and private-sector companies and projects in Latin America. "The cooperation agreement between CAF, DEG, and KfW is directed at enhancing our business capabilities through the amalgamation of financing resources, credit analysis and risk management expertise, and the sharing of common risks." said Executive President García. Public and private infrastructure projects, large and medium-sized companies and financial institutions will benefit from increased access to acceptable terms of financing and substantial loan volumes. DEG CEO Dr. Michael Bornmann added: "Our clients will benefit since the cooperation allows for larger financing volumes. On top of that, the partners will be able to offer customized financings thanks to their concentrated know-how."

Eligible products under the Cooperation Agreement include long-term loans, mezzanine financings as well as guarantees of local currency loans on coordinated similar terms and conditions. The minimum amount of such financing shall be 10 million US-dollars each for joint transactions of CAF and KfW, and 5 million USD each for joint transactions of CAF and DEG.



The partners will exchange information on market developments, origination and structuring of transactions.

**CAF – Corporación Andina de Fomento**, is a multilateral financial institution whose mission is to promote the sustainable development of its shareholder countries and regional integration. Its current membership comprises 17 countries in Latin America, the Caribbean and Europe, namely: Argentina, Bolivia, Brazil, Costa Rica, Colombia, Chile, Dominican Republic, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru, Spain, Trinidad & Tobago, Uruguay and Venezuela, along with 16 private banks from the Andean region. With its headquarters in Caracas, Venezuela, CAF has representative offices in La Paz, Brasilia, Bogotá, Quito and Lima. We offer financial and related services to the governments, public and private institutions, corporations, and joint ventures of our shareholder countries.

**DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH**, member of KfW Bankengruppe, finances investments of private companies in developing and emerging countries. As one of Europe's largest development finance institutions, it promotes private business structures to contribute to sustainable economic growth and improved living conditions. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy. Last year, DEG co-financed private investments in Latin America to the amount of 120 million euros.

**KfW Entwicklungsbank** finances on behalf of the German federal government investments and advisory services in developing countries. It typically works together with governmental institutions in the respective countries. Its aim is to build up and expand a social and economic infrastructure and to create efficient financial institutions while protecting resources and ensuring a healthy environment.