

FINDEV CANADA TRANSACTION SUMMARY

Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (CIFI)

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

La Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (CIFI) is one of the leading non-bank financial institutions in Latin America and the Caribbean that specializes in structuring and financing private sector, middle market, infrastructure projects. Headquartered in Panama, CIFI utilizes their proximity to their clients and decades of operational knowledge in their region to bridge the gaps between local small and medium-sized enterprises (SMEs) and international investors.

Transaction Details

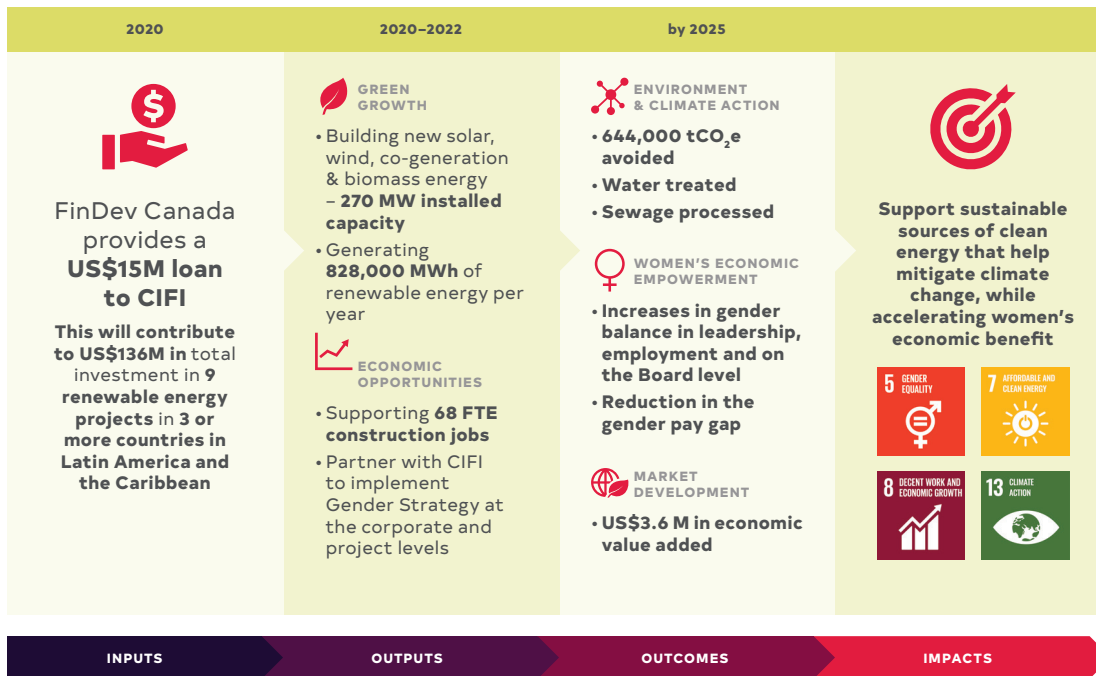
COUNTERPARTY	Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (the "Borrower", "CIFI")
DOMICILE OF INCORPORATION	Panama
DOMICILE OF OPERATIONS	Latin America and the Caribbean
TERM OF FINANCING	5 years
SECTOR	Green growth
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category FI-2
FINANCIAL PRODUCT	Unsecured Senior Debt
FINDEV CANADA PARTICIPATION AMOUNT	USD 15 million
DATE OF TRANSACTION DISCLOSURE	06/05/2020
DATE OF TRANSACTION SIGNING	06/07/2020
DATE OF TRANSACTION SUMMARY PUBLICATION	02/10/2020
2X CHALLENGE QUALIFYING	Yes, under a direct criterion ("Employment")

Summary of Anticipated Development Impacts

The development impact value proposition of the CIFI transaction is to provide lending options such as project financing and corporate loans, along with advisory services, to small-to-midsize infrastructure projects in Latin America and the Caribbean. The loan from FinDev Canada will help facilitate further green growth lending opportunities in the region, contributing to renewable energy projects, job growth and market development. CIFI, an expert in green growth infrastructure, is well positioned to support sustainable sources of clean energy that help mitigate climate change, while also accelerating women's economic benefits (see the impact theory of change below summarizing how CIFI's operations align with FinDev Canada's long-term development impact goals and the UN's Sustainable Development Goals).

Importantly, this transaction is expected to bring liquidity to developing markets in Latin America and the Caribbean, helping them to recover from the economic and social consequences of the COVID-19 crisis.

Development Impact Theory of Change of CIFI



ENVIRONMENT AND CLIMATE ACTION

- CO₂ equivalent emissions avoided:** The loan received from FinDev Canada will help CIFI finance the building of renewable energy projects, including solar, wind, mini-hydroelectric and biomass power plants, as well as water and sanitation infrastructure. With FinDev Canada's support, CIFI is expected to finance an additional 270 MW of generational capacity in Latin America and the Caribbean. This additional capacity is projected to generate approximately 828,000 MWh of renewable energy per year, leading to approximately 644,000 tons of CO₂ avoided, as well as significant improvements in water treatment and sewage processing in the project areas. With FinDev Canada's support, CIFI's green growth financing opportunities will serve an estimated 328,000 people with clean low-carbon energy annually, based on the calculations using the 2019 International Energy Agency (IEA) World Energy statistics on kWh consumption per capita for CIFI's pipeline companies.



WOMEN'S ECONOMIC EMPOWERMENT

- **Advancing gender equality and women's economic empowerment:** CIFI has a Gender Equality Policy and a Gender Implementation Strategy through which it is actively working to support women's economic empowerment and gender equality in its own operations. This includes clear objectives and targets to ensure that its leadership and workforce reflect a balance between men and women and identify opportunities to support and advance women. Currently, women comprise 25% of CIFI's senior management team and 46% of its direct employees. CIFI is also working to reduce existing salary gaps between male and female employees.

Given its high share of female employees and corporate commitments to gender equality, FinDev Canada's investment in CIFI also qualifies for the *2X Challenge: Financing for Women*, a pledge by development finance institutions (DFIs) to mobilize substantial capital for investment in business activities that will benefit women.



MARKET DEVELOPMENT

- **Supporting decent employment:** The loan is expected to contribute to local market development by sustaining local employment, which is considered high-quality in the region.
- **GDP contribution through economic value-added:** The transaction is also estimated to contribute direct economic value addition to local economies.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

Environmental and Social (E&S) risks associated with this transaction lie with the individual projects that CIFI will invest in while using the funds provided by FinDev Canada, and the potential impacts that those projects may have on people and the environment. FinDev Canada's support will be directed towards renewable energy and water and sanitation projects, which means that the risks associated with these projects will be diverse, although mostly site-specific, and few in number.

CIFI is an Equator Principles Financial Institution since 2007 and applies the IFC Performance Standards and World Bank's Environmental Health and Safety (EHS) Guidelines to all of its client financing, with the exception of the projects where risks are negligible (Category C). CIFI also has an Exclusion List which restricts the company from investing in high risk sectors and contexts. No adverse media was identified and CIFI's application of these standards, along with the organization's sufficiently strong management capacity serve as the primary mitigants for any potential environmental, social and human risks and impacts associated with the transaction.

CIFI's environmental and social decision-making is well integrated throughout its structures, being guided by an appropriate Environmental and Social Management System (ESMS), designed to meet or exceed host country standards. FinDev Canada has conducted a review of CIFI's ESMS and has not identified any gaps against international standards.