

EVOLVING

EVOLVING WITH OUR REGION/EVOLVING WITH OUR CLIENTS



Financial Highlights

	YEAR ENDED DECEMBER 31				
<i>\$ in thousands</i>	2013	2012	2011	2010	2009
Statement of Income					
Total income	68,342	63,359	55,527	60,290	63,313
Total income, net of interest expense	51,979	46,186	41,545	41,326	41,790
Total operating expenses	42,381	40,200	33,090	28,686	25,876
Net income	19,206	5,560	10,305	12,447	5,211
Balance Sheet					
Net loan and equity investments	1,005,655	1,040,902	975,383	817,402	823,317
Total assets	1,786,805	1,814,513	1,482,864	1,426,588	1,423,983
Borrowings and long-term debt	903,502	969,358	658,504	634,118	645,556
Equity	851,826	778,580	777,746	773,051	758,879
Ratios					
Return on average assets	1.1%	0.3%	0.7%	0.9%	0.4%
Return on average equity	2.4%	0.7%	1.3%	1.6%	0.7%
Debt to equity	106%	125%	85%	82%	85%
Equity to assets	48%	43%	52%	54%	53%
Liquidity to total assets	40%	42%	33%	42%	41%
Administrative expense to average development-related assets	3.9%	3.8%	3.5%	3.2%	2.8%

Operational Highlights

	YEAR ENDED DECEMBER 31				
<i>\$ in thousands</i>	2013	2012	2011	2010	2009
Approvals					
Number of projects	71	73	71	49	40
Number of countries	18	16	18	15	17
Approval volume	415,423	378,930	464,681	374,775	300,810
Resource mobilization	197,480	384,400	471,637	536,000	283,000
Disbursements					
Disbursement volume	313,629	371,599	442,703	349,970	141,800
Mobilization volume	88,730	324,191	547,814	287,606	63,000
Investment Portfolio					
Number of projects	228	222	209	210	203
Outstanding development-related assets portfolio	1,052,711	1,088,316	1,020,349	873,938	889,794
Allowance for losses	47,056	47,414	44,966	56,536	66,477
Impaired assets	17,452	10,557	9,892	35,097	31,160
Impaired asset coverage	269.63%	449.12%	454.54%	161.09%	213.34%
Past-due loan percentage	2.2%	0.7%	1.6%	3.0%	0.65%
Technical Assistance					
Donor approvals	5,940	9,335	4,417	5,201	3,288
Number of technical assistance activities completed	250	236	204	351	150
Beneficiaries	1,681	1,511	1,725	986	770

The Inter-American Investment Corporation (IIC) is a member of the Inter-American Development Bank (IDB) Group. The IDB Group's private sector operations include the Structured and Corporate Finance Department and the Opportunities for the Majority Initiative of the IDB, the Multilateral Investment Fund (MIF), administered by the IDB, and the IIC, legally a separate entity. IDB, IIC and MIF taken together form the IDB Group.

The IIC promotes development through the Latin American and Caribbean private sector, with the focus on small and medium-sized enterprises (SMEs). As part of its product offering, the Corporation provides companies with financing in the form of equity investments, loans, and guarantees, as well as with innovative technical assistance, advisory services, and knowledge products.

In 2013, the IIC approved 71 operations totaling \$415.4 million. An additional \$1.6 million were committed in technical assistance, benefiting close to 1,700 SMEs in the region. Since its inception in 1989, the IIC has approved approximately 860 direct loans to SMEs and financial intermediaries, for a total of \$5.2 billion. An additional \$3.0 billion has been mobilized through cofinancing and syndication agreements.

71 OPERATIONS TOTALING \$415.4 million

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Luis Alberto Moreno
*Chairman of the Board
of Executive Directors*

LETTER OF TRANSMITTAL

March 30, 2014

Chairman of the Board of Governors
Inter-American Investment Corporation
Washington, D.C.

Mr. Chairman:

Pursuant to the provisions of Article IV, Section 9(a) of the Agreement Establishing the Inter-American Investment Corporation, I am pleased to transmit the Annual Report of the Corporation for 2013 and the audited financial statements, including the balance sheet as of December 31, 2013 and 2012, and the related statements of income, comprehensive income/(loss), changes in capital, and cash flows for the years then ended.

This report provides a comprehensive overview of the achievements and milestones the Corporation has reached over the course of the year. For the IIC, this has been another year of strong results and lasting impact in the region, as it closes a successful three-year business cycle, surpassing many of the goals set in 2011. Last year, the Corporation approved a record volume of \$415.4 million in support of 71 operations.

The good work of the IIC would not be possible without our regional partners, donors and the strategic guidance and collaborative approach of the Board of Executive Directors that played a crucial role in working together towards

creating more opportunities for the private sector in the region.

I would also like to thank Carl Muñana, the new General Manager of the Corporation, for his strong leadership during 2013 and moving forward as we enter a new period of transition. Tremendous opportunity lies ahead for the Corporation as a renewed vision for the IDB Group's private sector activities is taking shape to deliver greater impact and mobilize additional resources for the private sector across Latin American and the Caribbean.

Yours sincerely,

Luis Alberto Moreno
Chairman
Board of Executive Directors
Inter-American Investment Corporation



Carl Muñana
General Manager

LETTER FROM THE GENERAL MANAGER

The Corporation exists for our clients. All our resources are aimed at helping clients fulfill their potential. Our engagement is centered on working with them to generate sustainable growth, strengthen their competitiveness and promote them as role models in Latin America and the Caribbean markets and in the global economy.

As a development finance institution we take great care in selecting our clients and designing the best ways to leverage our resources for their benefit and, by extension, the prosperity of the region. By preferentially targeting small and medium-sized enterprises, and the financial intermediaries that support them, we believe we can amplify our impact.

To deliver on our mandate to maximize development impact, the Corporation relies in large part on its strong financial foundation. Through prudent and effective management, the IIC has extended a decade of sustained profits with \$19.2 million in net income in 2013. The Corporation has a strong capital base including \$156 million in retained earnings, a healthy portfolio of development related assets, and full access to international capital markets.

The year also brought to a successful conclusion the 2011–2013 business plan. We achieved our quantitative and qualitative goals—an outcome with which we are especially pleased given the extent of change that marked this period.

During the last three years, 215 loan and equity investments were approved totaling \$1.3 billion—a record number of operations compared to previous planning cycles. Over 80 percent of outstanding volume was targeted to SMEs, surpassing our goal of 75 percent. We furthered our objectives of channeling more financing to smaller economies in the region and increasing our presence in local capital markets. More importantly, we maintained high standards of development effectiveness across our financing operations and exceeded the development impact targets approved by our Board of Executive Directors.

Complementing our financing activities, we deployed nearly \$5 million in technical assistance over the last three years. Our value-added knowledge products and services helped some 5,000 SMEs in the region compete more effectively in local and international markets, become more energy efficient, improve their export profile, and enhance their corporate governance. This would not have been possible without the generous support from our donors.

In 2013 the Corporation undertook a number of leadership and organizational changes designed to increase clarity, improve accountability, foster innovation, and place an even greater emphasis on clients and their markets. Our new structure better responds to client needs and provides them a more integrated and more impactful offering of products and services. With the support of our Board, we also approved a new and groundbreaking Environmental and Social Sustainability Policy and a revised Code of Ethics and Professional Conduct.

Finally, I would like to express my appreciation to the members of the Board and my colleagues at the IIC and the IDB Group for their warm welcome and enthusiastic support during my first year as General Manager of the Corporation.

Together, as we enter a new three-year planning cycle, we will harness the experience and knowledge amassed over more than a quarter century and we will continue to embrace the challenges and opportunities of the future, evolving with our region and evolving with our clients.

A handwritten signature in black ink, appearing to read 'C. Muñana', written in a cursive style.

Carl F. Muñana
General Manager
Inter-American Investment Corporation

Our Corporate Culture

L

Leading

by example, demonstrating best practices in development effectiveness and risk management

I

Innovating

by leveraging the IIC's knowledge resources and market experience

F

Financing

through a suite of products ranging from loans and subordinated debt to equity

T

Transforming

the clients and sectors we target

FINANCIAL PRODUCTS

- Medium- and long-term loans denominated in U.S. dollars
- Local currency loans in select markets
- Subordinated loans
- Syndicated B loans
- Partial guarantees for loans and bond issues
- Equity and quasi-equity investments
- Small loans under the FINPYME *Credit* program

NONFINANCIAL PRODUCTS

Technical assistance services to SMEs to improve all aspects of business



- IIC Sustainability Week
- IIC Corporate Governance Workshop

CLIENTS

- Corporate
- Financial intermediaries



EVOLVING

EVOLVING WITH OUR REGION/EVOLVING WITH OUR CLIENTS

STORIES OF GROWTH

In recent years, Latin America and the Caribbean have made important strides towards greater macroeconomic stability. Financial markets have grown resilient and the modernization of regulatory and supervisory frameworks has helped them gain sophistication and efficiency, attracting new international and regional investors.

The Inter-American Investment Corporation has been a strategic partner for the region, standing side by side with its clients, resolutely focused on its mandate of promoting economic development in Latin America and the Caribbean through the establishment, expansion, and modernization of its private sector, particularly small and medium-sized enterprises.

Through its commitment, the IIC has grown to become one of the most important partners for SME financing in the region, offering a diverse range of loan, equity, and quasi-equity products, as well as technical assistance services. Supporting the private sector has helped the IIC maximize its development impact and ensure the financial viability and long-term sustainability of its operations. These efforts have resulted in the approval of more than \$5.2 billion in loan and equity operations, including \$415.4 million approved in 2013, and an outstanding portfolio of \$1.05 billion, of which 81% involves operations with SMEs.

Maintaining the Corporation's high level of performance has necessitated the development of innovative programs and products. The IIC has pioneered environmental training for financial institutions and the use of local law as standard practice for SME financing. It has also created the highly respected FINPYME brand of technical assistance and value-added services for SMEs and has been successful in providing local currency financing to SMEs in the region.

Over the years, the IIC has developed the ability to evaluate SMEs and respond to their needs by adjusting its products to the changing conditions on the ground. Moving forward, the IIC will continue to be a dynamic driver of development through the private sector, growing and adapting with its clients and turning new trends into opportunities for innovative financial and nonfinancial products.

As the Corporation prepares for a new business planning cycle, it will leverage its quarter century of operational experience to nurture and finance new ideas for promoting economic progress in Latin America and the Caribbean. For every initiative and at every step, the IIC will continue to seek out ways to enhance its evaluation framework, placing the strongest possible emphasis on transparency and accountability.

The IIC's renewed focus on client relationships will help address market challenges, while maintaining its position among SMEs as the region's preferred partner for development through the private sector. Building on this solid foundation, the IIC is better prepared than ever to take its value proposition to the next level. It is embarking on its strategic cycle with a renewed vision of doing business, a refocused and energized leadership team, and the financial resources and human capital needed to foster its innovative spirit and culture.

Vinte

Vinte is a housing developer that designs and builds communities with the focus on providing low-income families with a standard of living on par with middle-income neighborhoods. The company targets high-demand markets in central Mexico with an acute shortage of affordable housing.

The IIC partnered with Vinte in 2012 to support the company's ongoing housing development projects through a 50 million Mexican pesos (\$4 million) credit line in local currency. The proceeds of this operation helped Vinte further pursue its strategic growth plan.

Many of the young people served by the program are first-time homebuyers who grew up in informal housing settlements with limited access to clean water, electricity, sanitation, roads, schools, and parks. Vinte's integrated design concept brings together all these services in one setting, and places special emphasis on long-term sustainability through water and energy conservation measures.

In the months following the approval of the credit line, Vinte continued to grow and soon needed additional funding to keep pace with demand and tap into new markets. Recognizing the strong business model and development impact of the company, the IIC made an equity investment of up to 106.5 million Mexican pesos (\$8.4 million) in 2013, acquiring 5% of Vinte's common shares. The IIC funding has underpinned Vinte's equity structure and supports the opening of new housing markets and developments. Proceeds are used to purchase land for the developments as well as for promotion, design, construction, and marketing of social-interest and middle-income housing projects in Mexico.

“The IIC has been a strong ally, tailoring its products to our specific needs and helping us achieve the financial and operational flexibility we needed. With IIC support, we have been able to scale up our business, enabling us to focus on our passion for building sustainable housing communities across Mexico.”

Domingo Alberto Valdés Díaz, CFO of Vinte



E V O L V I N G



“In 2012, we took an important step towards consolidating our institutional structure when we received a revolving credit line from the IIC. As it turns out, this was only the beginning of a broad-based partnership that led to further investments and will continue to provide us with strength and support for our future endeavors.”

Sergio Leal Aguirre, CEO of Vinte

2001	Beginning of operations as Grupo Vinte	2008	Vinte wins National Housing Award in Best Project category and a special award in Sustainable Housing Development category	2012	IIC approves revolving line of credit of 50 million Mexican pesos for Vinte
2004	Vinte delivers first dwelling only five months after authorization to build urban complex	2010	Vinte receives international Entrepreneur of the Year® award in Mexico	2013	IIC invests 106.5 million Mexican pesos in Vinte, acquiring 5% of its common shares

Wilhelm

Wilhelm is one of Paraguay's leading exporters of petitgrain essence—an oil extracted from the bitter orange plant and a staple of the perfume industry worldwide. Paraguay is among only a handful of countries that produce this essence and Wilhelm currently accounts for 40% of Paraguay's petitgrain exports.

When Wilhelm first received a \$300,000 subloan from the IIC back in 1992, the resources were provided through Banco Alemán Paraguayo, a commercial bank that the Corporation had partnered with to channel financing to local SMEs.

Following this operation, the IIC developed a new loan product in 2006 to better meet the needs of SMEs and directly target companies like Wilhelm that seek small loans for working capital or fixed assets. The product, later branded as FINPYME *Credit*, offers loan amounts ranging from \$100,000 to \$600,000 through an expedited approval process, providing fast turnaround and greater financial flexibility to clients.

Wilhelm became the second IIC client to benefit from this new product in 2006. The company used the \$200,000 loan for new seedlings and maintenance work on its 120-hectare orange grove. As a result of this investment, sales increased and Wilhelm soon needed additional resources to sustain its growth.

A second FINPYME *Credit* loan for \$140,000 followed in 2009, helping the company consolidate its position in the domestic market, develop new industrial products, and tap fresh markets around the world. This year, the IIC provided another \$250,000 in financing to support a new production line of essential oils extracted from whole oranges, further diversifying the company's product range.

Since Wilhelm received its first direct loan under FINPYME *Credit* in 2006, the company's sales have more than doubled. Meanwhile, the IIC approved more than 80 operations through its flagship direct-lending program, committing approximately \$22 million to SMEs in 11 countries.





“With the IIC’s continuous support, we were able to access the financing we need to grow sustainably and help local producers in our supply chain. As we continue scaling up our own operations, we are also helping thousands of small, low-income growers that make up a vital part of our local economy.”

Carlos Costas, president of Wilhelm

WILHELM
Natural products of Paraguay

Del Trópico

When Del Trópico, a Honduran family business, first approached the IIC for financing back in 2000, it was producing outdoor furniture for sale through a U.S. manufacturer and supplier of luxury furnishings. Del Trópico was growing and needed funding to expand its production facilities and buy new equipment to keep pace with demand. To sustain its growth, the IIC approved a \$3 million loan to the company, which helped build 8,000 square meters of new production space.

Several years after Del Trópico had repaid its loan, market conditions changed drastically and the company had to readjust its business model. Del Trópico downsized and used these difficult times as an opportunity to reinvent itself and launch Deltropico Designs, a small brand of high-end design furniture under its own name.

Again, Del Trópico began to thrive and was soon selling its products to hotels, restaurants, night clubs, and cruise ships across Central America, North America, and the Caribbean through a network of local representatives. However, when the company asked local banks for financing, it was often turned down because its assets were mostly intangible and could not serve as collateral for the requested loans.

This past year, the IIC launched a new subordinated debt program under FINPYME *Credit*, and Del Trópico became the first client to benefit from this new product through a \$300,000 loan. The new IIC product does not require collateral and is geared to high-growth small businesses with a proven business model struggling to gain access to conventional financing to fund their continued expansion.

Del Trópico is using the resources it received to invest in showrooms across Panama and Mexico, enabling it to showcase its products to attract more clients. In order to help the company plan for the future, the IIC also sponsored its participation in the Corporation's annual corporate governance workshop, where family-owned SMEs learn about succession planning and family protocols to help prepare for their transition from one generation of owners to the next.





deltropico
designs

“The IIC believed in us and came forward with a tailor-made product that gave us the resources we needed to better position our brand on the international market and keep up our sustainable growth.”

Luis Fernández, CEO of Del Trópico

BanBif

SMEs in Latin America and the Caribbean often struggle to obtain the financing they need to expand and achieve sustainability. To help them, the IIC reaches out to local financial institutions focused on SME financing, harnessing their extensive experience and in-depth knowledge of local markets.

In 2002, the Corporation struck an alliance with Peru's fifth largest commercial bank, BanBif, leveraging its vast network of branch offices to channel resources to SMEs across the country. The first loan for \$2 million was quickly followed by a second for \$3 million in 2004. The bank's client base kept growing and, in 2006, the IIC approved a third operation for \$5 million, backstopping SMEs in the trade and retail sectors, as well as in the export sector, an important source of foreign exchange income.

A \$6 million subordinated loan further grew BanBif's capital base in 2010 and helped the institution broaden its reach. In all, more than 50 SMEs received financing as a result of these four IIC loans. In addition, BanBif's SME portfolio had grown considerably, accounting for nearly 40% of its commercial clients.

To further bolster this growth, the IIC approved a fifth loan for \$9 million in 2013, which improves access to financing for local SMEs seeking to modernize and expand their businesses. It also provides funding for working capital and financial leasing operations.

Along with its regular financial backing, the Corporation has been helping BanBif minimize the environmental and social risks inherent to its operations through training as part of the IIC's annual Sustainability Week. The IIC workshops focus on building a real commitment to sustainability and the capacity to develop and implement environmental risk management systems. Over the years, BanBif has participated in this event five times, enabling it to stay abreast of internationally recognized standards and best practices.



“SMEs are an integral part of the Peruvian economy and have a particular set of needs that have to be addressed in order to help them grow and prosper. With the IIC by our side for more than a decade now, we have been able to meet these needs.”

Juan Ignacio de la Vega Jiménez,
board vice chairman and
general manager of BanBif

BanBif



Edilar

Access to education is a key to development and impacts the quality of life, prospects, and prosperity of each and every individual. Edilar, a Mexican company, offers a wide range of educational materials, technology, and continuing education services designed to support teachers in their role as educators. The family-owned business has partnered with state governments and the National Teachers Union to help public school teachers in 28 Mexican states finance their ongoing professional development with microloans.


In the past, Edilar's microloan program was financed exclusively with funds borrowed from local financial institutions. However, this funding was limited and kept the company from reaching its full operating capacity. In 2010, the IIC stepped in and provided a \$2.5 million loan. The operation was a success and a local-currency loan for 41 million Mexican pesos (\$3.5 million) followed in 2011 to help Edilar reach an even larger number of education professionals. As a result of the two IIC loans, more than 7,600 teachers were able to finance purchases of Edilar products and services with microloans. By year-end 2012, these teachers accounted for nearly 20% of the company's total client base.

Demand remained strong and, in 2013, the IIC approved a third operation for 70 million Mexican pesos (\$5.4 million) to further bolster Edilar's microloan program. The loan proceeds are expected to further improve access to education services in Mexico, helping another 3,800 teachers fund their professional development.

As part of the IIC's non-financial services, Edilar also received training in support of its ongoing growth and expansion process. A technical assistance activity under the IIC's FINPYME *Family Business* program helped formalize the company's corporate structure in 2013 by establishing a board of directors and training key members of management in good governance practices. In addition, Edilar developed a family protocol to aid the company with the succession process and thereby ensure its long-term sustainability.



EDI *lar*



“Over the years, the IIC has furnished us with valuable resources and expertise to help promote the professional growth and development of teachers across Mexico. Given the important role teachers play in disseminating and generating the knowledge required to create a more educated society, supporting them is essential. With the IIC by our side, we have been able to provide them the support they need.”

Ignacio Uribe, CEO of Edilar

EVOLVING



1992

Founding of Edilar

2010

IIC approves loan of US\$2.5 million to Edilar

2013

IIC approves third operation for 70 million Mexican pesos to strengthen microlending program. IIC also provides technical assistance in corporate governance to improve Edilar's corporate structure and succession process.

2008

Edilar products distributed in 28 Mexican states, reaching more than 11,000 teachers

2011

Edilar receives second loan of 41 million Mexican pesos, and more than 7,600 teachers receive microloans to finance the purchase of Edilar products and services

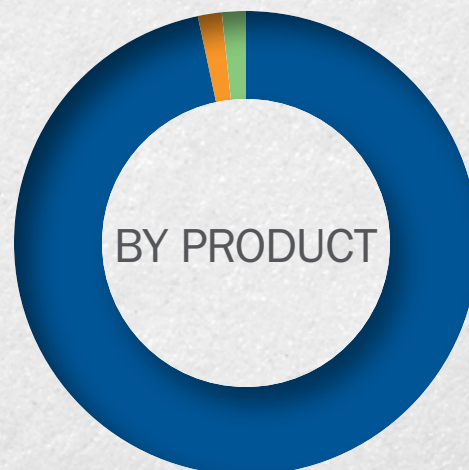
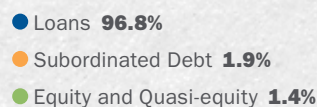
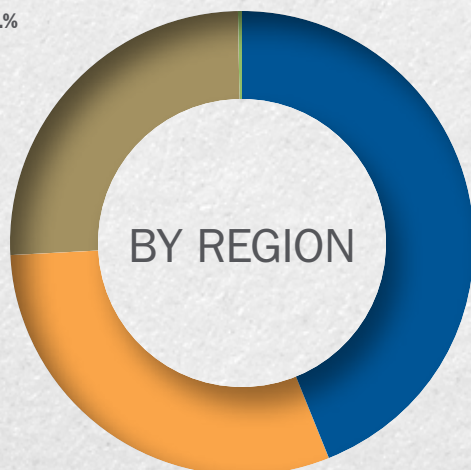
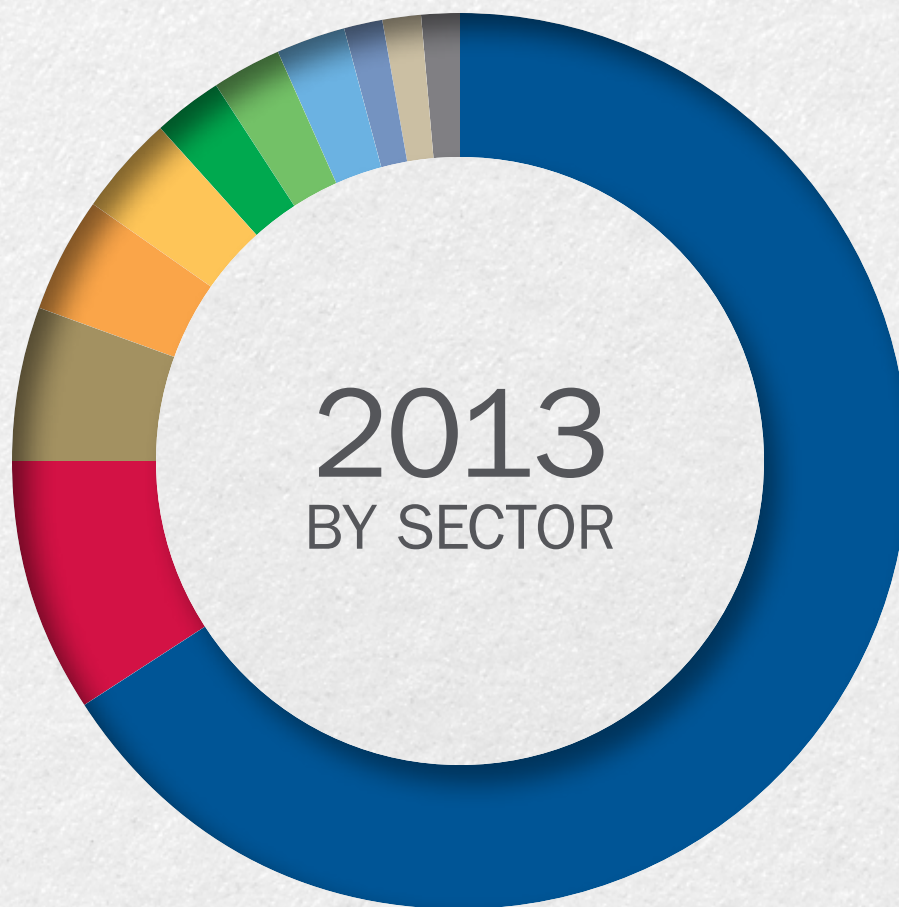
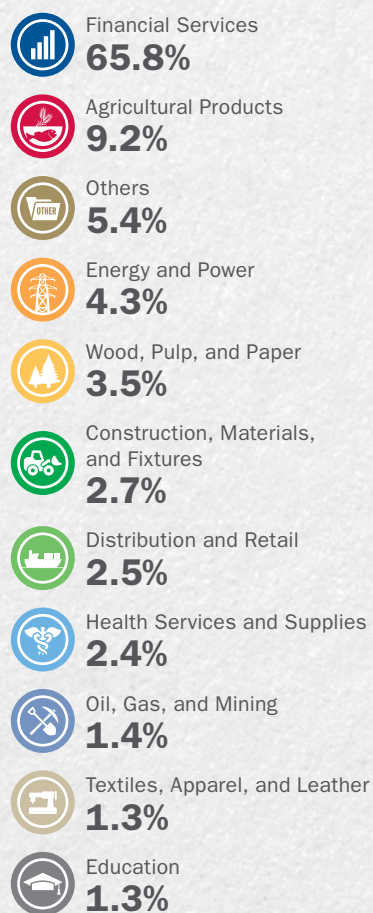
THE IIC IN BRIEF

Today's IIC offers a wide range of financial products, innovative technical assistance, advisory services, and knowledge products geared to promoting the growth of SMEs across the region. IIC financial products include senior, subordinated, and syndicated loans, equity and quasi-equity investments, financing for small-scale infrastructure and supply chains, small and local currency loans, and guarantees.

Along with its financial products, the IIC offers a comprehensive package of value-added services covering key areas in which SMEs often need assistance to develop their full potential. Support areas include corporate governance and sustainability initiatives as well as a suite of services under the IIC's renowned FINPYME brand.



Investment Activity/Breakdown of Approvals (\$415.4 million)



Financing

In 2013, the IIC's work through these product and service offerings gained new momentum with its 71 approved operations totaling \$415.4 million in direct loans and investments. An additional \$197.5 million was mobilized through syndicated loans and cofinancing operations, leveraging the resources provided directly by the IIC.

The Corporation continued to achieve important milestones this past year, extending its reach with a special focus on the smallest SMEs and approving 14 FINPYME *Credit* projects averaging \$285,000. Four of these projects involved a new product under the FINPYME *Credit* program, which provides subordinated loans to well-established SMEs with a proven business model.

The IIC also kept its focus on less developed markets. Of the 71 operations approved in 2013, 61% were in the region's smallest economies. Investments in these markets now account for 38% of its total outstanding portfolio, up from 24% only six years ago. IIC operations build on a robust credit plan and are continuously monitored to maintain a sound credit profile.

In addition, the IIC continued to help develop local capital markets by providing local currency financing. It approved six local currency projects in Mexico for a total of \$37 million. As of December 2013, 8.4% of the IIC's portfolio involved local currency projects in Argentina, Brazil, Mexico, and Peru.

The IIC's portfolio stood at \$1.05 billion by year-end 2013, with 65.2% concentrated in the financial sector. The IIC's largest corporate exposure is with projects in the energy and power sector, which account for more than 7% of the portfolio. It also has major investments in agricultural products (4.5%) and transportation and logistics (3.7%).

Investment Portfolio (\$1.05 billion)

- Southern Cone **34.4%**
- Mexico and Central America **31.0%**
- Andean Countries **28.7%**
- Caribbean **3.2%**
- Regional **2.8%**



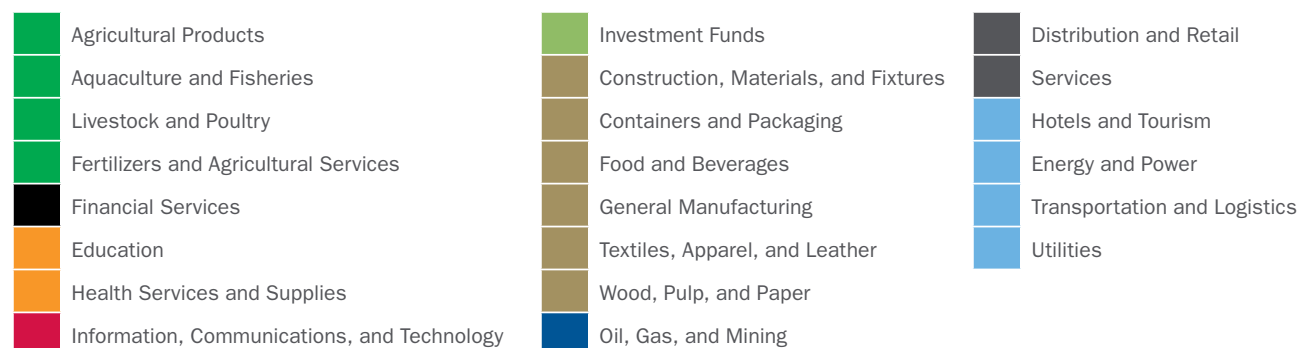
- Financial Services **65.2%**
- Energy and Power **7.2%**
- Agricultural Products **4.5%**
- Transportation and Logistics **3.7%**
- Distribution and Retail **2.9%**
- Fertilizers and Agricultural Services **2.7%**
- Food and Beverages **2.0%**
- General Manufacturing **1.5%**
- Investment Funds **1.4%**
- Aquaculture and Fisheries **1.4%**
- Livestock and Poultry **1.3%**
- Hotels and Tourism **1.2%**
- Construction, Materials, and Fixtures **1.1%**
- Utilities **1.0%**
- Others **1.0%**
- Oil, Gas, and Mining **0.6%**
- Containers and Packaging **0.6%**
- Education **0.5%**
- Textiles, Apparel, and Leather **0.4%**



Projects Approved in 2013

The IIC approved \$415.4 million in investments and direct loans in 2013, plus another \$197.5 million for cofinancing operations to extensively leverage direct IIC funding. The following is a summary of IIC projects approved during the year.

SECTORS








Country	Project	Sector	Approved Amount	Description
Argentina	AGCO Capital Argentina S.A.	Financial Services	\$10,000,000	SME financing
	Entre Ríos Crushing S.A.	Agricultural Products	5,000,000	Purchase of raw material to increase production
Bahamas	Bahamas Neurological Center Ltd.	Health Services and Supplies	125,000	Purchase of medical equipment
Bolivia	ADM-SAO S.A.	Agricultural Products	10,000,000	Purchase of grain to supply farmers
	Altmann Montero Exportaciones S.R.L.	Wood, Pulp, and Paper	500,000	Purchase of machinery
	Carlos Montaña	Livestock and Poultry	275,000	Increase of livestock production and infrastructure improvement
	Fundación Sartawi	Financial Services	500,000	Financing for microenterprises and SMEs in the agricultural sector
Brazil	Banco Industrial e Comercial S.A.	Financial Services	7,000,000	SME financing
Chile	Banco BICE S.A.	Financial Services	30,000,000	Medium-term financing for SMEs
	Banco Itaú Chile S.A.	Financial Services	10,000,000	Medium-term financing for SMEs
	Eurocapital S.A.	Financial Services	8,000,000	SME financing for factoring operations
	Incofin Servicios Financieros S.A.	Financial Services	3,000,000	SME financing
	Tanner Servicios Financieros S.A.	Financial Services	15,000,000	SME financing

Country	Project	Sector	Approved Amount	Description
Colombia	Banco de Comercio Exterior de Colombia S.A.—Bancóldex	Financial Services	45,000,000	SME financing
	Pro-Diagnóstico S.A.	Health Services and Supplies	1,500,000	Expansion of headquarters and purchase of medical equipment
Costa Rica	Banco Davivienda (Costa Rica) S.A.	Financial Services	15,000,000	SME financing
	Café Britt Costa Rica S.A.	Food and Beverages	4,000,000	Renewal of previous loan
	Cooperativa de Ahorro y Crédito de la Comunidad Ciudad Quesada R.L.	Financial Services	1,000,000	SME financing
	Corporación DESINID S.A.	Food and Beverages	450,000	Purchase of machinery
	Rente un Auto Esmeralda S.A.	Services	2,000,000	Renewal and expansion of vehicle fleet
Ecuador	Banco Bolivariano C.A.	Financial Services	7,000,000	SME financing
	Comohogar S.A.	Distribution and Retail	5,000,000	Expansion of business network and value chain
	Sociedad Agrícola e Industrial San Carlos S.A.	Agricultural Products	8,000,000	Construction of cogeneration plant
El Salvador	Banco Hipotecario de El Salvador S.A.	Financial Services	5,000,000	SME financing
	Compañía Azucarera Salvadoreña S.A. de C.V.	Agricultural Products	10,000,000	Financing for farmers
	Grupo 20/20 S.A. de C.V.	Health Services and Supplies	440,000	Purchase of new opthalmological equipment
Guatemala	Generadora San Andrés S.A.	Energy and Power	6,000,000	Financing for construction of hydroelectric plant
	Generadora San Mateo S.A.	Energy and Power	7,000,000	Financing for construction of hydroelectric plant
Haiti	Cananéenne Matériaux de Construction	Distribution and Retail	260,000	Working capital financing
Honduras	Banco Davivienda Honduras S.A.	Financial Services	3,900,000	SME financing
	Caracol Knits S.A. de C.V.	Textiles, Apparel, and Leather	5,590,000	Construction of new generation plant to reduce energy costs
	Expometal S. de R.L. de C.V.	Distribution and Retail	120,000	Working capital financing
	Manufacturas Del Trópico S.A. de C.V.	General Manufacturing	300,000	Financing to implement marketing strategy
Mexico	Adobe Social Mezzanine Fund I LP	Investment Funds	1,250,000	Quasi-equity, equity, and debt investment for SME financing
	Banco Santander (México) S.A., Institución de Banca Múltiple, Grupo Financiero Santander México	Financial Services	25,000,000	SME financing
	Edilar S.A. de C.V.	Education	5,400,000	Financing to increase sales of educational materials and services for teachers

Country	Project	Sector	Approved Amount	Description
Mexico <i>(cont.)</i>	Específicos Stendhal S.A. de C.V., Farmacéuticos Maypo S.A. de C.V. and Stendhal Internacional S.A. de C.V.	 Health Services and Supplies	6,193,000	Aquisition of distribution rights and clinical study for an innovative pharmaceutical product
	Grupo Corporativo Papelera S.A. de C.V.	 Wood, Pulp, and Paper	14,000,000	Purchase of machinery
	Promotora PROCSA S.A.P.I. de C.V., La Casa Espacio Inmobiliario S.A. de C.V., Casas PROCSA S.A. de C.V.	 Construction, Materials, and Fixtures	3,100,000	Purchase of land for housing development
	Somin Compañía Minera de Sonora S.A.P.I. de C.V.	 Oil, Gas, and Mining	5,700,000	Mining, processing, and sale on the local and international markets of sodium sulfate
	Unifin Financiera S.A.P.I. de C.V. SOFOM E.N.R.	 Financial Services	3,900,000	Financial leasing and factoring operations for SMEs
	Vinte Viviendas Integrales S.A.P.I.	 Construction, Materials, and Fixtures	4,400,000	Development of new housing projects
Nicaragua	Casa Pellas S.A.	 Distribution and Retail	1,500,000	Expansion of MSME distribution chain
	Casa Pellas S.A.	 Distribution and Retail	3,500,000	Working capital financing
	Cukra Industrial S.A.	 Agricultural Products	2,500,000	Working capital financing
	Factoring S.A.	 Financial Services	500,000	Financing for SMEs in different goods and services-producing sectors
	Financia Capital S.A.	 Financial Services	500,000	Financing for microenterprises and SMEs
	Financiera FAMA S.A.	 Financial Services	500,000	SME financing
	Münkel Lentes de Nicaragua S.A.	 Health Services and Supplies	1,700,000	Purchase of new ophthalmological equipment
Panama	Banco Aliado S.A.	 Financial Services	12,000,000	SME financing
	Banco General S.A.	 Financial Services	30,000,000	Financing for residential mortgages for low-income individuals
Paraguay	Automotores y Maquinaria S.A.E.C.A.	 Fertilizers and Agricultural Services	3,900,000	Partial financing for new branches
	Autopiezas C.E.I.S.A.	 Distribution and Retail	200,000	Infrastructure financing to increase lubricant storage capacity
	Puntopy S.A.	 Information, Communications, and Technology	200,000	Purchase of technological equipment
	Sudameris Bank S.A.E.C.A.	 Financial Services	4,000,000	SME financing
	Vicoza S.R.L.	 Agricultural Products	570,000	Infrastructure financing
	Wilhelm S.A.C.I.A.G.	 Agricultural Products	250,000	Working capital financing and short-term debt restructuring
Peru	Banco Financiero del Perú S.A.	 Financial Services	5,000,000	SME financing
	Banco Interamericano de Finanzas S.A.	 Financial Services	9,000,000	Medium-term financing for SMEs

Country	Project	Sector	Approved Amount	Description
Peru <i>(cont.)</i>	Banco Santander Perú S.A.	Financial Services	15,000,000	SME financing
	Caja Municipal de Ahorro y Crédito Cusco S.A.	Financial Services	5,000,000	Working capital loans for SMEs and microenterprises
	Cartones Villa Marina S.A.	Containers and Packaging	3,000,000	Working capital financing
	Exportadora Frutícola del Sur S.A.	Agricultural Products	2,000,000	Increase in blueberry and date production
	Leasing Total S.A.	Financial Services	2,000,000	SME financing
	Los Portales S.A.	Hotels and Tourism	3,500,000	Expansion of operations
	Penta Tanks Terminals S.A.	Transportation and Logistics	3,500,000	Improvement of infrastructure
Uruguay	Afenor S.A.	General Manufacturing	150,000	Working capital financing
	Emedical S.A.	Health Services and Supplies	150,000	Working capital financing
	Fingano S.A. and Vengano S.A.	Energy and Power	5,000,000	Development, construction and operation of wind farm
	Microfinanzas del Uruguay S.A.	Financial Services	500,000	Microenterprise financing
	Saceem S.A.	Construction, Materials, and Fixtures	3,900,000	Financing for new construction contracts
TOTAL	71 OPERATIONS		\$415,423,000	

SME INITIATIVES AND PROGRAMS THROUGH 2013

PROGRAM	MEASURE	VALUE
 FINPYME Credit	Cumulative number of projects approved	81
 FINPYME Diagnostics	Cumulative number of diagnostics completed	365
	Cumulative number of companies that received individual or group technical assistance	1,296
 FINPYME ExportPlus	Cumulative number of SMEs that received individual or group technical assistance	2,679
	Cumulative number of technical assistance activities	213
 FINPYME Family Business	Cumulative number of SME participants in workshops	479
	Cumulative number of technical assistance activities	205
 FINPYME Integrity	Cumulative number of SME participants in workshops	212
	Cumulative number of technical assistance activities	32
 FINPYME Technical Assistance	Cumulative number of projects with a technical assistance component	112
 GREENPYME	Cumulative number of SME participants in workshops	1,549
	Cumulative number of technical assistance activities	347
IFEM	Cumulative number of projects approved	17
IMIF	Cumulative number of projects approved	4
Loans made through financial intermediaries	Cumulative number of subloans	1,759,497
Sustainability Week	Cumulative number of participants in workshops	745
	FINPYME <i>Credit</i> average financing	\$ 268,975
	IFEM average financing	\$2,097,059
	IMIF average financing	\$3,750,000
	Cumulative value of technical assistance for IIC direct clients	\$5,529,955

AGGREGATE PROCUREMENT THROUGH 2013

(\$ in thousands)

COUNTRY	AMOUNT
Argentina	\$ 479,258
Austria	358
Bahamas	10,112
Barbados	11,250
Belgium	6,853
Belize	8,227
Bolivia	13,231
Brazil	283,615
Chile	175,296
Colombia	32,790
Costa Rica	72,902
Denmark	8,102
Dominican Republic	54,243
Ecuador	220,023
El Salvador	15,921
Finland	2,331
France	35,161
Germany	89,324
Guatemala	54,393
Guyana	600
Haiti	—
Honduras	59,214
Israel	52,845
Italy	49,873
Jamaica	48,083
Japan	22,170
Mexico	207,137
Netherlands	70,593
Nicaragua	42,600
Norway	7,551
Panama	43,530
Paraguay	79,365
People's Republic of China	19,142
Peru	101,429
Portugal	—
Regional	18,530
Republic of Korea	9,513
Spain	37,857
Suriname	—
Sweden	19,760
Switzerland	27,972
Trinidad and Tobago	1,000
United States	877,525
Uruguay	87,248
Venezuela	42,531

13 Bahamas, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Haiti, Mexico, Nicaragua, Panama, Peru, Suriname, Uruguay

FINPYME
Technical Assistance

FINPYME *Technical Assistance* provides IIC clients with consulting services in areas ranging from environmental regulation compliance and financial analysis to technical and market evaluation.

19 SMEs

19

Korean Trust Fund






FINPYME
Integrity

FINPYME *Integrity* encourages improved business ethics for SMEs across the region by helping them develop codes of ethics and foster integrity, transparency, and other ethical procedures and practices.

FINPYME

IIC's Services for SMEs

SMEs require more than financing for sustainable growth. They also need technical assistance. Companies face constant management, planning, strategic, and other challenges that hinder their ability to compete on open markets. Over the years, the IIC has identified several key areas in which SMEs are regularly in need of assistance. To respond to these needs, the IIC today offers a comprehensive package of value-added services for SMEs.

				
Countries	SME beneficiaries	Participants in group technical assistance workshops	Individual technical assistance activities	Donors and strategic partnerships
24	1,681	1,500	181	5

9 Barbados, Belize, Bolivia, Colombia, El Salvador, Guatemala, Haiti, Jamaica, Panama

FINPYME
ExportPlus

FINPYME *ExportPlus* provides SMEs with technical assistance so that they can better access export markets. This program is in line with the World Trade Organization's Aid for Trade initiative.

701 SMEs

647

54

Italian Trust Fund, Korean Trust Fund, Wallonia-Belgium Trust Fund

8 Bahamas, Bolivia, Costa Rica, El Salvador, Haiti, Honduras, Paraguay, Uruguay

FINPYME
Credit

FINPYME *Credit* is a reliable source of IIC financing for eligible SMEs. This type of financing is available in the form of standardized small loans in amounts ranging from \$100,000 to \$600,000, with an expedited internal approval process. FINPYME *Credit* loans can be used for a variety of business purposes, including investments in working capital and fixed assets.

14 Projects Approved

Approved Amount
\$3.99 million

Argentina, Bolivia, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Paraguay, Peru

9



Family Business Governance Workshop

Companies with sound corporate governance are more sustainable. As part of a broader effort to promote sustainability through good governance, the IIC has been offering governance training to its family-owned clients for two consecutive years. Through interactive sessions and with a clear focus on practical recommendations, participants covered key governance issues, including succession planning, setting up appropriate structures, and understanding how to separate the roles between business and family.

39



Korean Trust Fund



2 El Salvador, Peru



FINPYME *Mujer Empresaria* grew out of the WEAmericas initiative and is financed by the FINPYME *Mujer Empresaria* Fund, created with the support of the Government of the United States. The program is a version of FINPYME *Diagnostics* and focuses exclusively on women-owned businesses.

SMEs 168

168



Government of the United States



3 Bahamas, Belize, Trinidad and Tobago



FINPYME *Diagnostics* is a two-phase program. In the first phase, management areas in need of improvement are identified, and in the second, the companies undergoing a diagnostic review receive individual or group-based technical assistance.

SMEs 6

6



Korean Trust Fund



5 Barbados, El Salvador, Guatemala, Honduras, Peru



FINPYME *Family Business* arose from the need to promote good corporate governance practices among SMEs by helping them improve their succession planning, operating protocols, and board of directors or family council handbooks.

SMEs 84

82



2



Korean Trust Fund



6 Bolivia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua



GREENPYME seeks to boost the competitiveness of SMEs in Latin America and the Caribbean by promoting more rational use of energy resources through good energy practices and investment in more efficient, environmentally friendly technologies and equipment.

SMEs 703

603



100



Nordic Development Fund



4 Costa Rica, Mexico, Panama, Peru



Energy Efficiency and Climate Change: Challenges and Opportunities for Businesses

This workshop was co-organized with Scotiabank (Peru). Its objective was to transfer specialized knowledge and necessary tools to identify and adopt energy-efficient measures to reduce energy costs and their carbon footprint.

SMEs 17

35



Argentina, Bolivia Chile, Colombia, Costa Rica, Mexico, Nicaragua, Peru, United States, Uruguay

10



Environmental Management for the Financial Sector

was offered in collaboration with the Environmental and Social Safeguards Unit (ESG) of the IDB and was geared to financial intermediaries in emerging markets. The workshop was designed to raise awareness about environmental and social risks and help participants recognize the advantages of employing strategic methods to manage these risks and turn them into business opportunities.

SMEs 22

IIC Sustainability Week

This year, the IIC's Sustainability Week consisted of two workshops: Environmental Management for the Financial Sector and Energy Efficiency and Climate Change: Challenges and Opportunities for Businesses

Development Outcome

MEASURING IMPACT

Promoting economic development in Latin America and the Caribbean is at the core of the IIC’s mission. To fulfill this mission, the Corporation continuously measures its development results and leverages a quarter century of experience to fine-tune projects and achieve maximum impact.

Today, the IIC relies on two tools to track development outcome. The Development Impact and Additionality Scoring (DIAS) system estimates a project’s expected development impact at project outset and throughout its life. As part of the exercise, the IIC identifies relevant financial, economic, environmental, and social indicators, captures baselines, and determines target levels.

The Expanded Annual Supervision Report (XASR) uses these same indicators to measure a project’s overall impact upon reaching early operating maturity. XASRs help the IIC assess investment performance, work quality, and additionality. Lessons learned from the evaluation cycle are fed back into the design process of new projects.

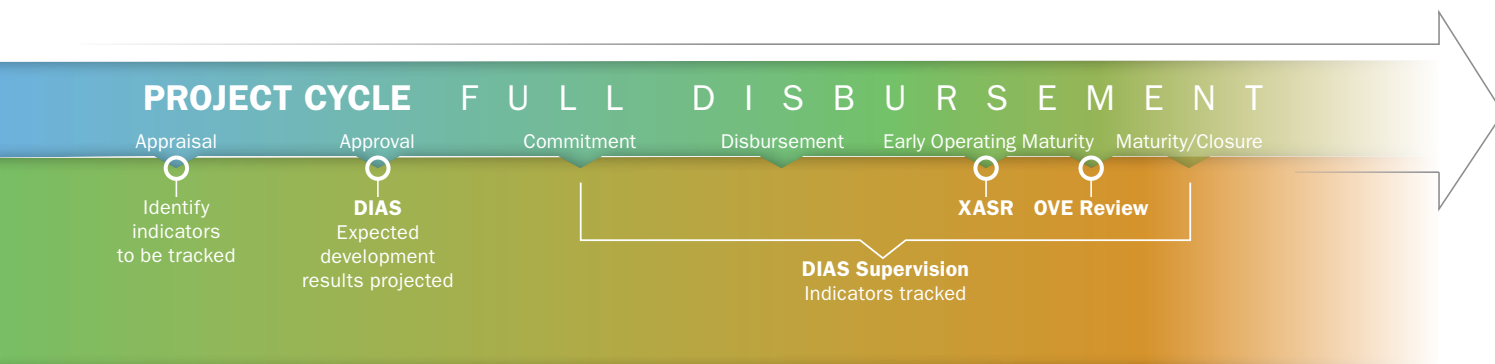
The IIC’s evaluation mechanisms build on international best practices and help assess a project’s development outcome and additionality throughout its entire life cycle—from appraisal to evaluation. DIAS has been recognized by the Evaluation Cooperation Group for providing the most

harmonized evaluation framework among all multilateral development banks.

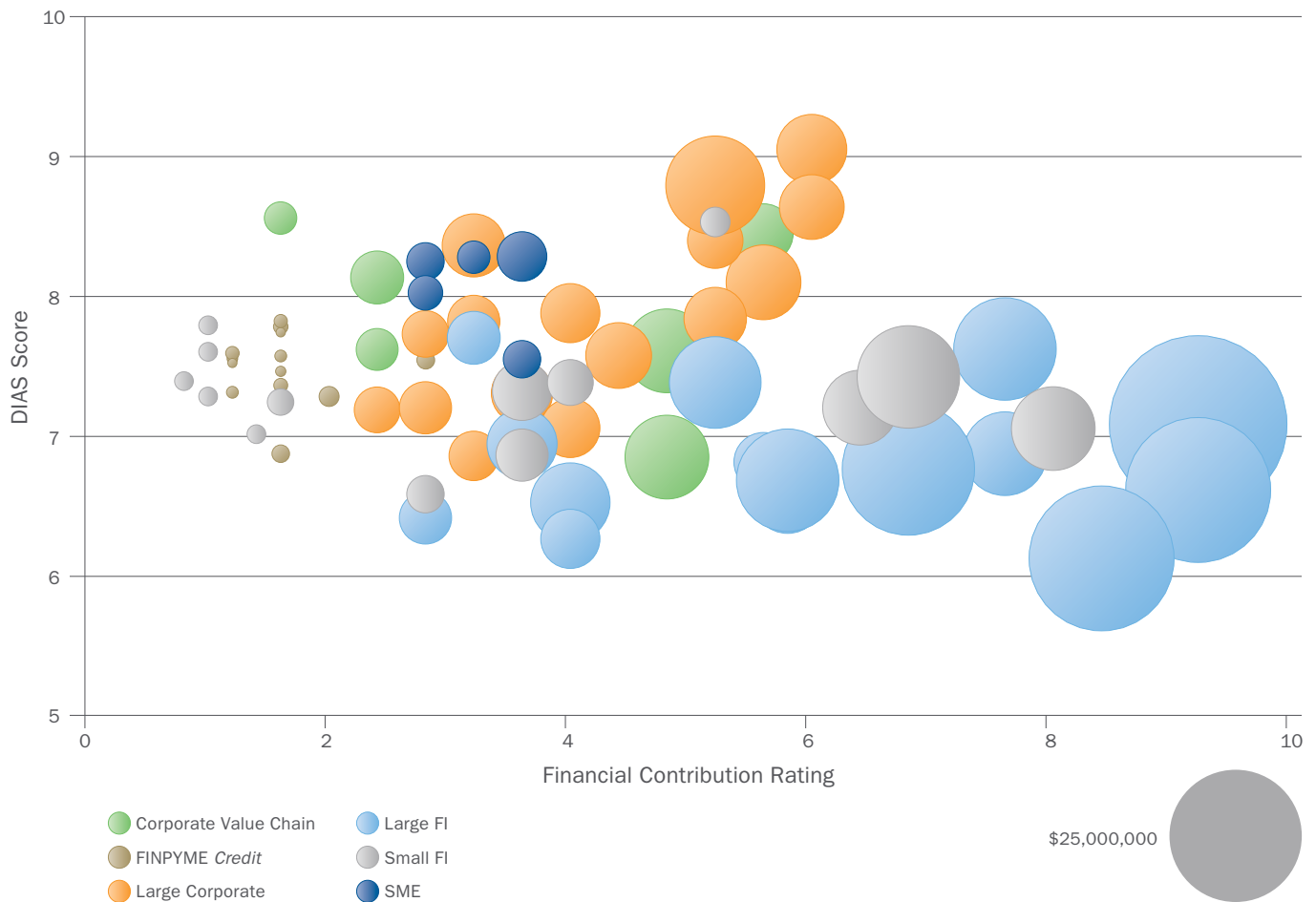
All XASRs are validated by the IDB’s Office of Evaluation and Oversight (OVE) through independent evaluation reports. OVE’s 2013 report concluded that 81% of all IIC projects analyzed that year achieved favorable development outcome, compared to 64% of the total number of XASRs since 2001.

To complement the DIAS system, the IIC is currently working on DIAS Plus, a set of cross-cutting as well as sector-specific indicators across nine industries that will enable the Corporation to capture more detailed information on the reach and impact that IIC financing has on different stakeholders of society. An enhanced DIAS system will greatly deepen the IIC’s collective understanding of the impact the Corporation has on the projects it supports. DIAS Plus is set to roll out in early 2014.

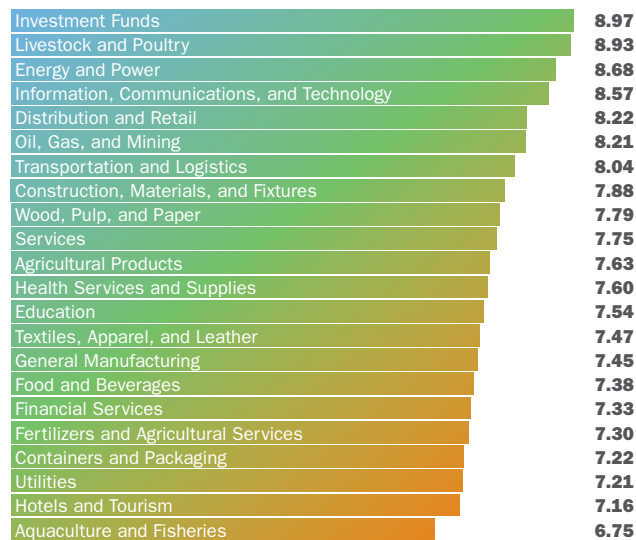
The figure below presents a timeline for the introduction of credit and development effectiveness tools for measuring the IIC’s dual mission.



Portfolio Approach—Projects Approved in 2013



Average DIAS of Outstanding Projects by Sector



Average DIAS of Outstanding Projects by Region



Financial Results

The IIC reported net income of \$19.2 million in 2013, an increase of \$13.6 million from the previous year, further extending over a decade of sustained profits and accumulating \$156.8 million in retained earnings, equivalent to 23% of paid-in capital.

Compared to the previous year, revenues were 8% higher and operating income grew by 5%. Borrowing expenses were 5% lower than in 2012. The Corporation's funding costs have declined for a sixth consecutive year, measured in terms of borrowing expenses as a percentage of average gross debt. The \$400 million Euro Medium Term Note program has delivered a key contribution to that reduction and is expected to remain the main IIC funding tool in the future. The administrative expenses increased from \$40.0 million in 2012 to \$42.2 million in 2013, in line with the 2013 budget approved by the Board.

The IIC's development-related assets, measured as gross loan and equity outstanding (GLEO), stabilized at \$1.1 billion, yielding a 6% compound annual growth rate (CAGR) over the last three years (2010–2013). This demonstrates the IIC's commitment to fulfilling its mandate despite the challenges of the recent global financial crisis.

The IIC's paid-in capital rose by \$4.3 million due to payments made by Spain, Costa Rica, the Republic of Korea, Colombia, and Japan. Additionally, in October 2013 Canada signed the Agreement Establishing the Inter-American Investment Corporation, a key step towards completing all conditions for full IIC membership, which is anticipated for 2014.

ASSET QUALITY

The IIC's total assets were \$1.8 billion at year end. The GLEO portfolio remained largely stable at \$1.1 billion, with a CAGR of 6% over the last 3 years. The portfolio past due by one day or more increased from \$7.2 million to \$22.9 million in 2013, equivalent to 2.2% of the loan portfolio. The impaired loan portfolio—comprising only five non-performing loans—increased from 1% to 1.7%. All transactions have adequate collateral coverage and are closely monitored by the IIC. Moreover, due to the IIC's conservative provisioning policy, loan loss provisions coverage is nearly two-fold for past due loans, and likewise nearly three-fold for impaired loans.

CAPITAL ADEQUACY

The IIC's solvency ratios improved in 2013. Its capital-to-total-assets ratio increased 5% from the prior year to 48% as of December 2013. Considering its capital and loan loss provision levels as of December 2013, the IIC has maintained coverage of more than 80% of its total development-related asset exposure.

LEVERAGE AND LIQUIDITY

On February 15, the IIC issued an additional \$50 million medium term note, increasing the 3-year, \$350 million bond issued on November 8, 2012 to an overall outstanding amount of \$400 million. The issue took advantage of the IIC's increased recognition in the capital markets and was part of a liability management exercise, which also involved the repayment of a \$50 million loan, with the effect of lowering the IIC's funding cost for the \$50 million refinanced by 60 basis points.

The liabilities-to-capital ratio decreased to 1.1 times in comparison to 1.3 times in 2012, staying below the 1.5 target established for the current planning cycle and well below the maximum level of 3.0 established by the IIC's Charter. The IIC's liquidity ratios stayed at a comfortable 40% of total assets and 79% of its financial debt.

PENSION AND POST RETIREMENT BENEFIT PLANS

The IIC's Pension and Postretirement Benefit Plans funded status improved in 2013 with a decrease in the underfunded status of \$25 million and \$20 million, respectively. As a result, the IIC's Pension Plan is 90% funded and the Postretirement Benefit Plan is funded 119% at the end of 2013. This improvement was largely driven by current economic and financial conditions, resulting in an increase in the discount rate of the Pension Plan and the Postretirement Benefit Plan by 85 basis points and 74 basis points, respectively.

Net income was impacted in 2013 by \$1.9 million higher net periodic benefit costs than the prior year associated with the Pension and Postretirement Benefit Plans. Despite this event, 2013 net income was \$13.6 million more than 2012.

NEW GROUNDBREAKING ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY

In 2013, the IIC approved a new Environmental and Social Sustainability Policy underscoring the Corporation's strategic commitment to sustainable development.

The new policy constitutes an integral part of the IIC's approach to risk management. It incorporates internationally recognized standards and regulations and serves as a yardstick for IIC projects and technical assistance activities. The policy is the result of more than a year of extensive research, analysis, and stakeholder engagement efforts. It draws on benchmarks and best practices from international financing institutions around the globe and harnesses the IIC's quarter century of operational experience in the region.

A draft version of the policy was released for public consultation in early 2012, eliciting input from prominent civil society organizations, including the World Wildlife Fund, Conservation International, and the World Resources Institute.

The new policy reinforces the IIC's efforts to prevent pollution, mitigate climate change, and protect biodiversity. It also seeks to further strengthen the IIC's commitment to promoting gender equality, good working conditions, and the inclusion of indigenous people and persons with disabilities.

IIC activities are subject to an appraisal process prior to approval in which they are vetted to ensure compliance with environmental and social safeguards. The new policy broadens the scope of a previous framework document in effect since 1999. As part of the update, the new document covers the IIC's comprehensive technical assistance initiatives and includes corporate governance guidelines for extractive industries.

PARTNERSHIPS AND LEVERAGE

The IIC's mandate includes the delivery of value-added nonfinancial services to SMEs. This has led the Corporation to establish a network of strategic partnerships with public and private-sector entities to provide SMEs across the region with access to information and technical assistance resources.

All of the IIC's technical assistance programs are made possible by partnerships with donor countries and thematic funds. Donors harness the IIC's vast experience and local capacity to channel their resources directly to SMEs.

The Corporation uses this funding to complement its financial products with training and advisory services, boosting impact and ensuring sustainability of IIC projects. Donor contributions are diligently managed to ensure their efficient use in promoting economic and social development. They are a key part of the IIC's long-term strategy.

Today, the Corporation has a total of eight trust funds with donor countries and development organizations which, together, top \$47 million. In addition, the IIC has access to trust funds established by donor countries at the IDB. Donor funding has helped the IIC provide technical assistance to over 6,100 SMEs from 26 countries over the past five years.

The IIC relies on a tightly-knit network of strategic partners ranging from chambers of commerce and academic institutions to trade associations, government agencies, and financial and development institutions for on-site delivery of its nonfinancial services. These local partners contribute expertise, help the IIC identify companies that can benefit from its programs, and support the many technical assistance activities carried out by the IIC every year.

In order to increase impact of IIC financing, the Corporation also partners with other financial institutions that contribute resources in the form of convertible or subordinated loans. In these cases, the IIC grants a loan to a client and provides a portion of the funds referred to as an A loan. The remaining B loan is provided by the partnering financial institution under an agreement with the IIC. In 2013, the IIC partnered with seven institutions, mobilizing a total of \$88.7 million to complement its own lending.



SPAIN-IIC HAITI SME DEVELOPMENT FUND

The Spain-IIC Haiti SME Development Fund cofinances loans to Haitian micro, small, and medium-sized enterprises that lack access to financing.

In 2013, the Fund signed an agreement with Haiti's third largest bank, Banque Nationale de Cr dit (BNC), to cofinance up to \$5 million in loans to Haitian SMEs. The IIC and BNC plan on cofinancing loans under BNC's ProCredit initiative designed to reach an underserved segment of Haiti's economy, primarily in areas outside Port-au-Prince.



CHINA-IIC SME EQUITY INVESTMENT TRUST FUND

The China-IIC SME Equity Investment Trust Fund supports SMEs in Latin America and the Caribbean through equity and quasi-equity.

In 2013, the IIC approved \$11.3 million in equity investments for a housing developer and a multisector investment fund. In addition, the IIC approved a total of \$15.5 million in subordinated debt. The China-IIC Fund provided half of the total funding for both operations.

At the beginning of 2013, the Fund allocated up to \$2.5 million for the IIC's new subordinated debt product under the FINPYME *Credit* program. This new product offers subordinated loans to smaller companies with no collateral requirement and a longer grace period, when necessary. In 2013, the IIC approved \$1.5 million in financing under this program, benefiting four SMEs in manufacturing, health services and supplies, distribution and retail and information, communications, and technology. Half of this amount was funded by the China-IIC Fund.

OUR CORPORATE GOVERNANCE

Mandate

The IIC's mandate is to maximize its developmental impact within a framework of long-term financial sustainability.

Mission

The IIC promotes the economic development of its regional developing member countries by encouraging the establishment, expansion, and modernization of private enterprises, preferably those that are small and medium-scale.

BOARD OF GOVERNORS

All the powers of the IIC are vested in its Board of Governors, consisting of one governor and one alternate governor appointed by each member country. Among the powers vested in the Board of Governors that cannot be delegated to the Board of Executive Directors are the admission of new member countries, the engagement of external auditors, approval of the IIC's audited financial statements, and amendment of the Agreement Establishing the IIC.

BOARD OF EXECUTIVE DIRECTORS

The Board of Executive Directors is in charge of conducting IIC operations. To this end, it exercises all the powers granted to it under the Agreement Establishing the IIC or

delegated to it by the Board of Governors. The Board of Executive Directors establishes the basic organizational structure of the IIC, including the number and general responsibilities of its main administrative and professional positions. It also approves the IIC's budget. The 13 executive directors and 13 alternates serve three-year terms and represent one or more IIC member countries.

The four-member Executive Committee of the Board of Executive Directors consists of the director or alternate appointed by the member country holding the largest number of shares in the IIC, two directors representing regional developing member countries of the IIC, and one director representing the other member countries. All IIC loans and investments in companies in its member countries are considered by this committee.



Gustavo López (Chief, Risk Management Division a.i.), Jorge Roldán (Chief, Technical Assistance and Strategic Partnerships Division), Lori Kerr (Chief, Corporate Affairs Division), Jacques Antebi (Chief, Equity Investments Division), Jorge Pacheco (Chief, Special Operations Unit), Angela Miller (Chief, Development Effectiveness Division a.i.), Carl Muñana (General Manager), Steven Reed (Managing Director—Clients), John Beckham (Chief, Debt Investments Division), Laura Oradei-Bayz (Chief, Portfolio Management Division), Gregory Da Re (Chief, Strategy and Innovation Division), Sarah Fandell (General Counsel), Orlando Ferreira (Chief Operating Officer).

MANAGEMENT

The president of the IDB is the ex-officio chairman of the Board of Executive Directors of the IIC. He presides over meetings of the Board of Executive Directors but does not have the right to vote except in the case of a tie. He may participate in meetings of the IIC Board of Governors, but does not have voting rights.

The Board of Executive Directors appoints the general manager of the IIC by a four-fifths majority of the total voting power, on the recommendation of the chairman of the Board of Executive Directors.

The general manager oversees the officers and staff of the IIC and handles the day-to-day business of the institution under the direction of the Board of Executive Directors and the general supervision of the chairman of the Board of Executive Directors. The general manager is also responsible for the organization, appointment, and dismissal of the IIC's officers and staff in consultation with the Board of Executive Directors and the chairman of the Board of Executive Directors. The general manager may participate in meetings of the Board of Executive Directors but does not have the right to vote at these meetings.

The general manager also establishes the IIC's operating structure and may modify it to keep pace with the organization's changing needs.

STAFF

As of December 31, 2013, the IIC has 110 staff positions dedicated to fulfilling its development mission. It has 25 staff members in 11 countries in the region: Argentina, Chile, Colombia, Costa Rica, El Salvador, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay. Its remaining staff members are based at IIC headquarters in Washington, D.C. Staff members in the region include ten investment officers, who work directly on originating and developing new projects, and eight others assigned full-time to the direct supervision of a portfolio of 228 projects with businesses and financial institutions, which includes annual field visits.

Its other staff members, divided among ten divisions—Corporate Affairs, Debt Investments, Development Effectiveness, Equity Investments, Finance, Legal, Portfolio Management, Risk Management, Strategy and Innovation, and Technical Assistance and Strategic Partnerships—and the Special Operations Unit, provide support for project and program activities.

NEW CODE OF ETHICS

In 2013, the IIC approved a new Code of Ethics and Professional Conduct for its employees, further bolstering protections for whistleblowers and maintaining the IIC's alignment with best practices of the IDB Group. Among other enhancements, the Code now includes new subject areas including the use of social media. It also provides better guidance on themes such as respect in the workplace and duties of supervisors.

The Code establishes the IIC's core values and guiding principles for employees. In the context of implementing the new Code, all IIC employees will be required to take ethics training with additional special training for supervisory staff. Beginning in 2014, the IIC will engage the IDB's Ethics Office to implement the IIC's new Ethics Code and Procedures.

TOOLS FOR TRANSPARENCY

Transparency and accountability are core principles of all IIC activities and build the foundation for the IIC's work in Latin America and the Caribbean. The IIC participates in a broad-based international initiative to promote integrity and transparency in transactions with the private sector. It signed the Uniform Framework for Preventing and Combating Fraud and Corruption in 2011. It also continues to adhere to the best practices developed in conjunction with peer institutions over the past decade, including a zero tolerance policy for certain prohibited practices. Furthermore, the IIC recognizes and has agreed to enforce the debarment decisions of other signatories of the Agreement for Mutual Enforcement of Debarment Decisions.

In conducting its operations, the IIC takes appropriate steps to identify and mitigate any risk to its integrity and reputation and to prevent, investigate, and sanction any prohibited practices. Such measures include integrity due diligence reviews of its clients and partners, studies of the regulatory framework for the financial and banking systems of countries in which it works with financial intermediaries, and the monitoring of counterparty compliance with regulations for the prevention of money laundering.

COMPENSATION STRUCTURE FOR IIC HEADQUARTERS STAFF*

Grade	Job Title	Minimum	Maximum	Staff at Grade Level	Average Salary/Grade	Average Benefits†
E	Executive	\$209,074	\$343,866	3.8%	\$285,536	\$111,359
1	Managerial	169,313	245,504	8.8	208,591	81,351
2	Managerial	148,183	222,274	3.8	158,066	61,646
3	Technical	123,186	197,098	16.3	136,290	53,153
4	Technical	108,386	173,417	13.8	121,177	47,259
5	Technical	98,748	148,121	16.3	102,978	40,162
6	Technical	87,661	131,491	5.0	88,890	34,667
7	Technical	77,883	116,824	10.0	86,521	33,744
8	Technical	68,319	102,478	7.5	73,651	28,724
9	Support	60,350	90,525	10.0	61,906	24,144
10	Support	48,662	77,860	2.5	57,351	22,367
11	Support	42,393	67,830	2.5	50,696	19,772
				100.0%		

* Staff in the region are compensated locally at rate bands determined by the IDB.

† Includes staff leave, end of service payment, medical and life insurance and other nonsalary benefits: home leave, tax reimbursement, appointment travel, relocation and repatriation expenses, dependency allowance, education allowance, mission travel benefits.

Members of the IIC Board of Executive Directors, including executive directors, alternate executive directors, senior counselors, and counselors, as well as the chairman of the Board of Executive Directors are compensated by the IDB.



First row, left to right: Marcelo Bisogno (Uruguay), María Pérez Ribes (Spain), Carla Anaí Herrera (Guatemala), María González Miranda (Mexico), Juan Carlos Echeverry (Colombia), Christian Pages (France)

Second row, left to right: Gisella Berardi (Italy), Hugo Cáceres (Paraguay), Kurt Burneo Farfán (Peru), Muriel Alfonseca (Dominican Republic), Maria Penido de Freitas (Brazil), Federico Chinchilla (Argentina)

Third row, left to right: Alejandro Foxley Tapia (Chile), Orla Bakdal (Denmark), Gustavo Arnavat (United States), Johannes Smeets (The Netherlands), Yasuhiro Atsumi (Japan), Gabriela Costa (Argentina), Antonio De Roux (Panama), Ricardo Carneiro (Brazil), Zulfikar Ally (Guyana), Lilah Shema-Zlatokrilov (Israel)

Not pictured: Adina Bastidas (Bolivarian Republic of Venezuela), Xavier Eduardo Santillán (Ecuador), Marlon Ramsses Tabora (Honduras)

EXECUTIVE DIRECTORS AND ALTERNATE EXECUTIVE DIRECTORS

(As of December 2013)

	Executive Director	Alternate Executive Director
Argentina and Haiti	Gabriela Costa	Federico Chinchilla
Austria, Belgium, Germany, Italy, the Netherlands, and People's Republic of China	Johannes Smeets	Gisella Berardi
Bahamas, Barbados, Guyana, Jamaica, and Trinidad and Tobago	Kurt Kisto	Sulfikar Ally
Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua	Carla Anaí Herrera Ramos	Marlon Ramsses Tabora M.
Bolivarian Republic of Venezuela and Panama	Adina Bastidas	Antonio De Roux
Brazil and Suriname	Ricardo Carneiro	
Chile and Colombia	Alejandro Foxley Tapia	Juan Echeverry
Denmark, Finland, France, Norway, Sweden, and Switzerland	Christian Pages	Orla Bakdal
Dominican Republic and Mexico	María González Miranda	Muriel Alfonseca
Ecuador and Peru	Kurt Burneo Farfán	Xavier Eduardo Santillán
Israel, Japan, Portugal, Republic of Korea, and Spain	Yasuhiro Atsumi	Lilah Shema-Zlatokrilov
Paraguay, Plurinational State of Bolivia, and Uruguay	Marcelo Bisogno	Hugo Rafael Cáceres
United States of America	Gustavo Arnavat	

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