European Commission

LAIF

Latin America
Investment Facility

CIF

Caribbean
Investment Facility

2017–2018
Operational Report

International Cooperation and Development

2017-2018 Operational Report

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LAIF CIF

Introduction

This report covers the operational activities of the Latin America Investment Facility (LAIF) and the Caribbean Investment Facility (CIF) in 2017-2018. As two of the EU's regional blending facilities, the LAIF and CIF use EU development funding to leverage additional investment from European and Regional Development finance institutions, country governments and the private sector to finance investment projects in the Latin American and Caribbean regions with the potential to deliver substantial results in terms of sustainable and inclusive development.

This report, which covers the eighth and ninth full years of operations for LAIF and the fifth and sixth full years for CIF, provides a comprehensive overview of the facilities' operational activities over the 2-year period, in addition to detailed descriptions of all the projects approved in 2017-2018. These cover a range of sectors – from agriculture and environmental protection to energy and urban development. Projects, targeting the private sector, will tap into the potential of this sector, and particularly small and medium-sized businesses, as drivers of economic growth and job creation.

Climate change continues to be a significant threat in the Latin American and Caribbean regions and remains a particular focus of projects approved for blending support. Reflecting this, the 2017-2018 Operational Report shows how the two facilities help to mainstream climate action in development, and support partner countries in their efforts to adapt to and mitigate the impacts of climate change.

LAIF is funded under the EU's Development Cooperation Instrument (DCI) and CIF is financed from the European Development Fund (EDF). The type of support may differ from project to project, but always consists of one, two or a combination of all three of the following:

- Investment grants, which can finance specific project components or a percentage of the total project budget, thereby reducing the amount of debt for the partner country.
- Technical assistance, which involves the provision of tailored assistance to meet specific project needs, both during project preparation and implementation, which helps to ensure the quality, efficiency and long-term sustainability of a project.
- Risk-sharing instruments, such as risk capital and guarantees, which allow the available funds to be used as efficiently as possible by reducing risks and unlocking additional financing.

The report provides an analysis of LAIF and CIF operations since the facilities were launched, broken down by sector, geographical range and the type of support provided. It shows how this support has been leveraged to finance large-scale development projects throughout Latin America and the Caribbean, helping to drive forward sustainable, equitable and inclusive development. The LAIF and CIF act as catalysts, making possible the implementation of development projects that might otherwise struggle to be financed. The support provided by the facilities also serves to ensure the sustainability of the projects, guaranteeing that they have a long-term social, economic and environmental impact.

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Foreword Neven Mimica

Neven Mimica
European Commissioner for International Cooperation and Development

Europe shares deep cultural and historical ties with Latin America and the Caribbean. Together, we have nurtured a shared global vision and a set of common values that underpin our relations and our cooperation. Our shared interests and values provide a solid basis to our social and economic partnership. As the largest investor in the region, the EU and its Member States are also a key economic partner for Latin America and the Caribbean in terms of trade and investment.

Countries in Latin American and the Caribbean face a number of distinct challenges as they move forward in the implementation of the 2030 Agenda. The specificities of these challenges require tailor-made responses, so that cooperation with the EU promotes sustainable development and the achievement of the Sustainable Development Goals.

As the EU continues to dialogue with our partner countries on their evolving needs, it adapts the tools and areas for collaboration to achieve the greatest impact possible. Hence, we need to find the best solutions, and the most innovative approaches to achieve the greatest possible societal benefits from our development funding.

Blended finance is one such solution. For many years, through the Latin America and the Caribbean Investment Facilities, blended finance (mixing grants with loans) and other financial instruments such as guarantees or equity have been used to implement projects in Latin America and the Caribbean. These instruments have been key for the strategic mobilisation of private sector funds and thus have had a significant positive impact on people's lives, helping to reduce inequality, promoting innovation, and supporting country-led efforts to adapt to and mitigate the effects of climate change. The use of blended finance is framed within a solid policy dialogue with governments and financial institutions.

The next EU multiannual financial framework will continue to support Latin America and the Caribbean in closing the investment gap, by working with national and regional development banks to address challenges in an economically, socially and environmentally sustainable manner.

LAIF

Latin America Investment Facility

Since it was launched in 2010, the Latin America Investment Facility (LAIF) has established itself as a key asset in the European Union's development toolbox, making a significant contribution towards achieving the Sustainable Development Goals, and promoting sustainable and socially inclusive development in continental Latin America and Cuba. The LAIF combines EU funding with resources from the public and private sectors, such as loans and equity, to finance investments across the region.

A core objective of the LAIF is to support projects that make a critical contribution to sustainable socio-economic development in a range of sectors, from agriculture and environmental protection to urban mobility, sustainable energy, and water and sanitation. The instrument also promotes the development of the private sector, recognising its potential as a driver of socially inclusive development and job creation. Micro, small and medium enterprises (MSMEs) are particularly targeted in this regard. Like the other blending facilities, the LAIF targets the economic empowerment of women and young people in an effort to reduce social and economic inequalities, and to ensure that nobody gets left behind.

The LAIF has a number of overarching objectives that guide its development policy. Firstly, it supports key infrastructure projects in strategic areas with a large development impact. It does this by supporting projects targeting energy and transport infrastructure, including energy efficiency measures, renewable energy systems and sustainable transport. Secondly, the facility mainstreams support for environmental protection and climate change adaptation and mitigation actions into development policy. Finally, LAIF projects target social service infrastructure in an effort to promote equitable and sustainable development.

The LAIF's total budget for the period 2010-2018, made available under the EU's DCI, was approximately €422 million. From this amount, the LAIF has approved almost €386 million supporting projects with a combined investment budget of over €8.56 billion.

By financing the implementation of concrete initiatives that have real impacts on people's lives, the LAIF has contributed to the EU's role as the leading provider of development assistance and a reliable development partner in the Latin American region. Thanks to the scale of its impact, the LAIF has been enthusiastically supported by partners in Latin America as well as by EU Member States and finance institutions.

LAIF AT A GLANCE

(as at 31 December 2018)

Total programme budget (2009-2018):

€422 million

LAIF financing to 46 approved projects

€385.9 million

Loans by FIs to approved projects

€6.87 billion

Amount leveraged by LAIF support

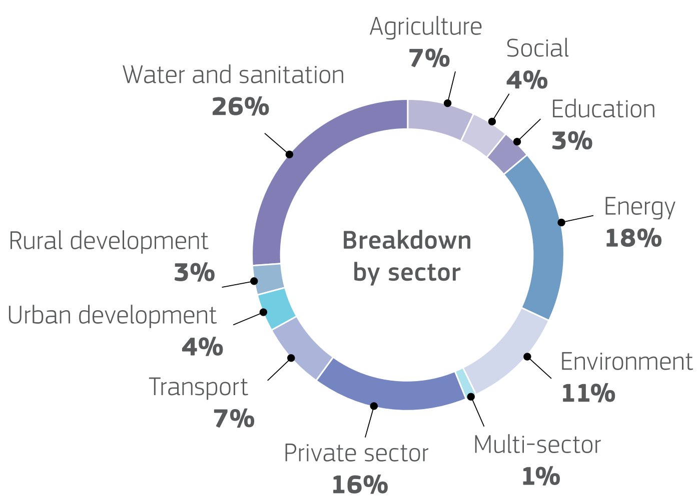
€8.56 billion

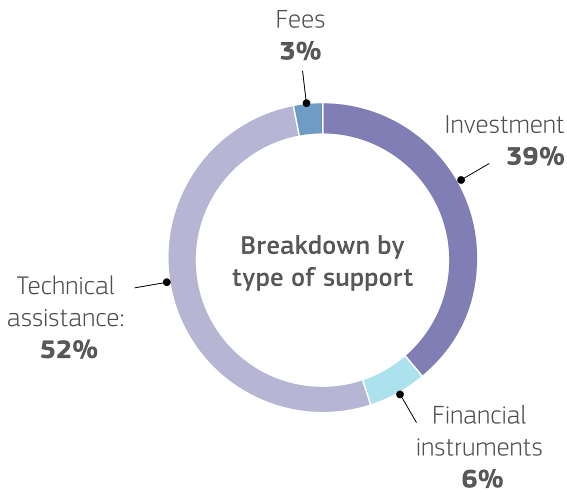
LAIF multiplier effect

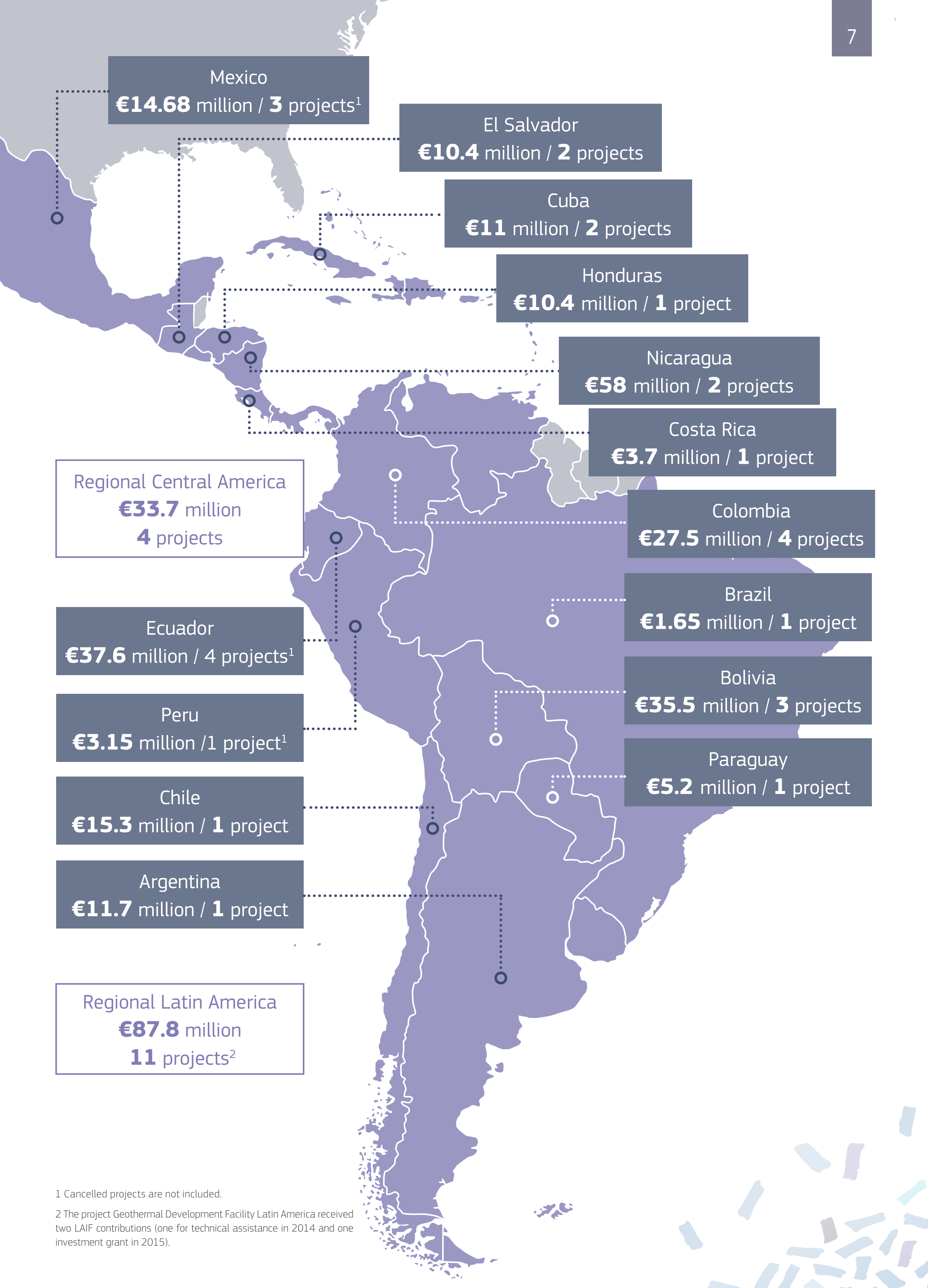
22:1

LAIF portfolio 2009-2018

(percentage of total LAIF funding)







1 Cancelled projects are not included.

2 The project Geothermal Development Facility Latin America received two LAIF contributions (one for technical assistance in 2014 and one investment grant in 2015).

LAIF HIGHLIGHTS 2017-2018

In 2017-2018

Eight LAIF contributions were approved and contracted for a total value of almost €80 million.

LAIF support leveraged almost €673 million in investment (an average leverage ratio of over 1:8).

Four of the projects approved are regional in scope accounting for 43% of LAIF funding.

Almost 34% of LAIF funding is in support of the private sector.

The first LAIF operation in Argentina was approved.

Of the eight contributions approved in 2017-2018:

Five projects combine an investment grant with technical assistance, two consist of technical assistance alone, and one consists of technical assistance combined with guarantees. The project providing guarantees is the first of its kind in the framework of the LAIF.

Two can be reported as climate action according to the Rio Convention on Climate Change.

The LAIF project approved for Cuba is the second one focused on this country. It will promote sustainable agricultural practices based on agro-ecology principles.

The Fonplata technical assistance will be the first proposal benefitting a sub-regional development bank in South America, helping to improve the investment climate and environmental quality of projects and promoting regional integration.

FINDETER is the second project in Colombia. It will tackle disparities between rural and urban areas in the country, focusing on post-conflict municipalities with high levels of inequality and piloting an innovative incentive scheme for municipal governments.

The Sustainable cities projects identification strategic facility will promote the sustainable transformation of cities to improve citizens' quality of life in Latin America.

Of the regional projects approved, two target Central America, one targets MERCORSUR countries and one - the whole Latin America region.

1. OVERVIEW

Eight LAIF contributions were approved in 2017-2018, with a total blending value of over €79.7 million, in support of projects with a total investment budget of around €673 million. Of this total, three projects were approved in 2017 with a total LAIF contribution of €41.6 million leveraging total investment of more than €275 million, and five projects were approved in 2018, for which the LAIF contribution of €38.1 million leveraged a total of just over €397 million.

Of the projects approved in 2017-2018, four were regional – two targeting Central America and two targeting continental Latin America. The LAIF contribution to the regional programmes amounted to more than €34.3 million, leveraging a total investment of €245 million. Four of the projects approved in the two-year period covered by the report were country-specific. Argentina received LAIF funding for the first time, with a contribution of €11.7 million, leveraging an investment of over €87.7 million for an integrated waste management programme. Argentina will also benefit from the Fonplata technical assistance project. The remaining three projects were spread throughout the region, with one each in Bolivia (LAIF contribution of €15.5 million), Colombia (€10.3 million) and Cuba (€7.8 million).

In terms of sectoral distribution, the two sectors to benefit most from LAIF funding in 2017-2018 were the environmental and private sectors, each receiving a LAIF contribution of around €27 million, leveraging total investments of €213 million (environment) and €137 million (private sector). One of the projects, covering the Latin America region, has a multi-sector focus and targets urban renewal, basic services provision and improvement of climate change resilience in the region. This received a LAIF contribution of €2.39 million, in support of a total investment of almost €102 million. The rural development sector received a LAIF contribution of €10.34 million to leverage €125 million to boost investment and reduce the development gap in Colombia. The remaining two sectors to receive LAIF funding in the reporting period were agriculture and urban development, with a LAIF contribution of €7.8 million and €5.2 million respectively. For these two projects, the LAIF contributions will raise a total of €89 million in support of sustainable agriculture in Cuba, and €6 million for a regional sustainable cities project.

Two of the eight projects approved in 2017-2018 can be reported as climate action support according to the Rio Convention on Climate Change. Both of these were approved in 2017, 1 reporting as Rio Marker 1 and 1 as Rio Marker 2, with over €17 million in total to be reported as climate action support.

Concerning the type of support provided by LAIF in 2017-2018, investment grants accounted for over €29 million (37%) and technical assistance accounted for almost €50 million (54%), with financial instruments accounting for €9.5 million of the funding provided. Five projects combine technical assistance with an investment grant, 2 projects consist of technical assistance alone, and 1 project – the regional Green MSMEs Initiative – consists of technical assistance combined with guarantees.

The financial leverage of the LAIF contributions in 2017-2018 is high, with €79.7 million leveraging around €673 million, which implies that, on average, one euro provided by LAIF helped to leverage around €8.5 in investment. The leverage ratio for individual projects covers a wide range from almost zero for the Sustainable cities projects identification strategic facility, for which the total project budget of €6 million was almost completely covered by the LAIF contribution of €5 million, to almost 1:43 for the Fonplata project.

2. SUPPORTING EU POLICY GOALS IN LATIN AMERICA

Given the long history of economic cooperation and the deep cultural ties between the EU and Latin America, it is no surprise that the EU is the region's main provider of official development assistance and a key source of foreign investment. EU development assistance to the region has had a major positive impact on a number of sectors that are key to improving quality of life and economic opportunities for people – from urban development and environmental protection to transport, energy, and water and sanitation.

Through its development cooperation with Latin America, the EU consistently supports the region in its efforts to reduce poverty, promote sustainable development and achieve economic growth that is both inclusive and equitable, while respecting human rights, the rule of law, and the principles of good governance and democracy. The Latin American region has seen impressive economic development in recent decades, with poverty and extreme poverty in decline and millions of people rising above the poverty level. But despite these achievements, much remains to be done. The benefits of development in the region have not been evenly spread throughout society, and social inequalities persist and remain a major barrier to continued economic development and to achieving the Sustainable Development Goals.

In this context, the main objectives of the EU's development cooperation with the region are to reduce disparities between people, in an effort to ensure that nobody gets left behind in the push to achieve economic growth. Other priorities include advancing higher education and research, and supporting countries in the region in their efforts to mitigate and adapt to the effects of climate change. These objectives are reinforced by some overarching goals of EU policy in the region, including promoting cross-border and inter-regional cooperation, innovation, competitiveness and sustainable urban development.

These and other issues have been consistently targeted by projects that have received LAIF funding in the nine years since the facility was launched, and this was equally true in the two years covered by this report. In this period, LAIF acted as a catalyst to leverage funding from European development finance institutions, regional development banks and the private sector in order to finance projects that support these policy goals.

In 2017-2018, eight LAIF contributions were approved for a combined total of almost €80 million, in support of projects with a total investment budget of almost €673 million million in agriculture, the environment, urban development and the private sector. For example, the project to boost post-conflict investment in Colombia by providing rural and remote municipalities with access to financing adapted to their needs, will contribute to the development of social and economic projects that help people to overcome inequality and poverty.

Other projects, such as the technical assistance to Fonplata Regional Framework Loan project, will help overcome inequalities by supporting the provision of better access to services, including sanitation services. The private sector, particularly small and medium-sized businesses, has good potential to create jobs and support equitable economic growth, and has been targeted by the Green MSMEs initiative for Central America and the DINAMICA Initiative. Furthermore, many of the projects have components targeting the economic empowerment of women and young people, which is also a key objective of EU policy in the region.

Two of the projects approved for LAIF funding in 2017-2018 support the efforts of countries in the region to adapt to and mitigate the effects of climate change. Funding that can be reported as climate action support accounted for 22% of total LAIF funding in the period. One of these projects reported as Rio Marker 1, meaning that the contribution to mitigating or adapting to the effects of climate change represents a significant objective – with €6 million of the total LAIF contribution of €15.5 million to be reported as climate action support. The second project reported as Rio Marker 2, where climate action represents its principal objective – with €11.25 million of the total project cost of €11.7 million reported as climate action support.

Stronger and more effective EU action in a changing world is one of the goals of the new European Consensus on Development. By providing a framework for cooperation between the European Union, regional development banks and the European development finance institutions, the LAIF ensures that EU development assistance is both effective and socially impactful, and consistently delivers on EU development policy goals in the region.

Amount and number of LAIF projects approved per year

	Value	No of projects*
2010	€21.54m	**5**
2011	€7.16m	**2**
2012	€118.46m	**10**
2013	€24.85m	**5**
2014	€12.42m	**2**
2015	€46.43m	**4**
2016	€75.4m	**10**
2017	€41.58m	**3**
2018	€38.10m	**5**

*This is the number of approvals during the year, net of cancellations.

3. PROJECTS

RURAL DEVELOPMENT

Boost Investments for Post Conflict Territories to Reduce Development Gap in Colombia

COLOMBIA

Total budget: €125.00 million

LAIF contribution: €10.34 million

Lead finance institution: Agence Française de Développement (AFD)

Type of LAIF support: Technical assistance
Investment grant

Project period: 2018 – end of 2023

Half a century of violent armed conflict in Colombia resulted in the internal displacement of more than 5 million people and caused over 200 000 deaths. Inhabitants of rural communities, in territories at the heart of the conflict, became dependent on the cultivation of illicit coca crops and were left behind in terms of municipal and infrastructure development. At the end of November 2016, the Colombian Government signed a peace agreement with the Fuerzas Armadas Revolucionarias de Colombia – Ejército del Pueblo (FARC-EP) guerrilla organisation, opening the path for restoration and rehabilitation of the most affected communities.

With international development financing FINDETER, the main public financial institution for the sustainable development of affected territories in Colombia, is leading a programme of projects aimed at addressing the poverty, institutional weaknesses, inadequate infrastructure and reliance on illicit crops left in the aftermath of the conflict. The LAIF intervention is a pilot for a common EU initiative in Colombia to boost investment in post conflict municipalities and to support the peace process. This pilot phase of the European initiative has arisen from lengthy dialogue with FINDETER and builds on the experience of a previous LAIF programme.

While the government of Colombia aims to support around 80% of the total budget of the programme, access to financing for these municipalities has been a major issue. The project aims to reduce poverty by offering rural municipalities greater access to financing for investment in local infrastructure and social sectors. The LAIF contribution includes two parts: a) an investment grant of €8 million and b) technical assistance of €2 million. Resources for the investment grant will be used for basic infrastructure. The technical assistance programme, financed with the LAIF contribution, increases institutional capacity building, and promotes coordination and cooperation between institutional stakeholders. The leverage ratio of the LAIF contribution is 12:1 of the total project budget.

The programme aims to foster economic development and social inclusion in small and remote municipalities particularly affected by the conflict. It primarily targets 170 municipalities and around 7 million inhabitants (14% of the Colombian population). The poverty rate in these municipalities is estimated at 72.8%, compared to 49% for the Colombian territory as a whole. Around 94.2% of illegal coca crops are also concentrated in these municipalities.

AGRICULTURE

Supporting Sustainable Investments in the Agricultural, Energy and Food Production Sector in the Central Region of Cuba

CUBA

Total budget: €89 million

LAIF contribution: €7.82 million

Lead finance institution: Agence Française de Développement (AFD)

Co-financiers: IFAD, Cuban Government, France's debt remission programme, CIRAD

Type of LAIF support: Investment grant
Technical assistance

Project period: 2019 – end of 2023

Since the 1990s, Cuba's agricultural sector has gradually moved from an advanced production system run by state-managed entities to a system of small producers. While the former, centralised system was reliant on the intensive use of inputs and equipment, with negative impacts on the environment, local food production is currently insufficient to meet demand. For example, national milk production fell from 982 million litres in 1989 to 434 million litres in 2014, and meat production decreased from 271 000 tons in 1990 to 119 000 tons in 2014. The country is currently highly dependent on expensive food imports, added to which there is growing competition between local people and tourists for food. The increase in the number of small producers in the private sector has limited the agricultural decline, but the lack of access to equipment prevents them from restoring sufficient productivity.

Improving agricultural productivity has thus become essential to Cuba's public policy agenda. The Livestock Development Programme (PRODEGAN) is aimed at strengthening the capacities of livestock cooperatives, notably in the province of Camagüey, which should lead to a significant increase in milk and meat production. This will improve national food security and the well-being of the rural population. Also, an innovative circular-economy project combines clearing some 30-40 000 hectares of an invasive plant species, *marabu (Dichrostachys cinerea)*, with the creation of a co-generation plant that incinerates the plant to produce stimulated charcoal for export, while potentially recovering the heat produced for power. BANDEC, the main agricultural bank of Cuba, is also preparing a €25 million credit line to finance green investments.

The main objective of the LAIF contribution is to support the identification and financing of the best possible investments in agriculture, livestock breeding and agro-forestry, as well as to underpin their implementation in order to promote sustainable practices based on agro-ecology principles while mainstreaming climate change mitigation and adaptation into the agriculture and livestock sectors.

The LAIF contribution includes two parts: a) an investment grant of €0.7 million and b) technical assistance (TA) of €6.8 million. The leverage ratio of the LAIF contribution is 11:1 in relation to the total project amount. Resources from the investment grant will be used to subsidise green investments. The TA programme financed with the LAIF contribution, will a) enhance the agro-ecological and agro-sylvo-pastoral technology, b) provide institutional support and prospective territorial planning, c) develop environmental and social risk management, and d) support BANDEC's green strategy.

The programme should benefit approximately 15 000 rural families, or about 45 000 people. This includes 105 cooperatives, representing about 11 500 rural households, around 15 service providers and two agro-industrial entities. About two-thirds of the funding supports (private) members of cooperatives producing meat, milk and its derivatives such as cheese. They represent about 90% of recipients of the total funding.

ENVIRONMENT

CLIMATE CHANGE WINDOW

Support to the Water and Sewerage Programme in Urban & Peri-urban Areas

BOLIVIA

Total budget: €125.55 mln

LAIF contribution: €15.5 mln

Lead finance institution: Agencia Española de Cooperación Internacional para el Desarrollo (AECID)

Co-financiers: Inter-American Development Bank (IDB)

Type of LAIF support: Technical assistance
Investment grant

Project period: January 2018 – October 2022

With climatic conditions in Bolivia varying from tropical to polar (high mountains), the potential impacts of climate change are correspondingly significant but diverse. As a consequence, in the last half-century, the country has lost about 50% of its glacier surface, and regions can expect to be exposed to prolonged dry periods and an increase in the frequency and magnitude of floods. In 2016 a state of emergency was declared, as drought and water shortages hit 173 regions (51%) as a result of climate events. Particularly dramatic was the evaporation of Lake Poopó.

Water security in the face of the impacts of climate change has become the focus of international cooperation agreements with the Government of Bolivia. These aim to address a number of significant challenges, such as the gap between drinking water and sanitation coverage, which is among the largest in the region. Another important challenge are economic losses caused by the lack of sanitation and hygiene, which in 2014 were equivalent to 4% of the country's gross domestic product (GDP). However, investment has been affected by questions over the quality of some of the projects funded.

Faced with the uncertainties of climate change, the goal set by the government of 100% of the Bolivian population with safe drinking water and sanitation coverage implies a new challenge: sustainability. If Bolivia's public and private sectors are to maintain this level of coverage over time, with quality services, it is essential to ensure the sustainability of infrastructure from the outset, together with appropriate institutional development.

Among the specific objectives of the overall programme are a tripling of water storage capacity by 2030 and a tripling of the surface under irrigation, also by 2030, along with significant improvements in social participation in local water management (80% of social organisations with resilient systems, compared to 35% in 2010).

The LAIF contribution includes two parts: an investment grant of €5.3 million and technical assistance of €9.6 million. The technical assistance programme, financed with the LAIF contribution, will a) contribute to the construction, improvement and extension of the existing water and sanitation systems, b) perform studies and project design for future investment, c) strengthen institutions and d) plan the water supply and demand. The investment component of the LAIF funds will be devoted to the development of a demonstration sewerage plant and an associated training facility.

LAIF funds focus on strengthening the Integrated Water Resources Management (IWRM), with a watershed approach at a national policy level to reduce the impact of climate change on the poorest segments of Bolivian society. The leverage ratio of the LAIF contribution is 8:1 in relation to the total project amount.

The actions of the present programme are built on the achievements of an existing international alliance involving the Government of Bolivia, the AECID, the IDB and the EU.

ENVIRONMENT

Integrated Waste Management Programme (IWMP) in Jujuy, Argentina

ARGENTINA

Total budget: €87.75 million

LAIF contribution: €11.7 million

Lead finance institution: European Investment Bank (EIB)

Co-financiers: Inter-American Development Bank (IDB)

Type of LAIF support: Investment grant
Technical assistance

Project period: January 2018 – end of 2023

Argentina's Jujuy province is one of the least developed regions in the country. It has a population of 730 000 habitants, but the number of families living in poor physical conditions is around twice the national average. The economic activity in this province was previously based on manufacturing (sugar, iron, tobacco, cement and paper), but is increasingly moving towards services, especially tourism. Visitors are drawn to the province due to its unique nature, and historical and archaeological sites, as well as for its culture, traditions and cuisine. However, inadequate disposal of solid waste, which is exacerbated by the influx of tourists, creates a health hazard and is aesthetically unattractive – factors which could impede the further development of this new economic activity.

As well as a very low waste collection rate, solid waste is disposed of in landfill sites, without any additional sanitation measures. Final disposal is often in uncontrolled, open dumps. This poses a health risk for those living and working in the area and also increases costs for urban sanitation, sanitation treatment and water purification. Waste pickers – about 64% of whom are children – make a subsistence living from recycling waste collected from the open dumps. Municipal governments in the Jujuy province have little capacity and not enough trained personnel to address the social, environmental and economic aspects of sustainable waste management.

The IWMP aims to phase out the dumping of untreated waste, while rationalising and improving current solid waste disposal practices. The objective is to bring the province into compliance with international environmental standards for waste disposal and treatment. Specifically, this will involve the provision of necessary equipment, vehicles and treatment facilities for sustainable solid waste management. The rehabilitation of around 400 micro and macro open dumps scattered over the province is also planned, while formalising and dignifying the labour status of waste pickers. Upstream goals are to reduce the quantity of waste, while increasing the proportion that is recycled. There are also plans to harness the potential energy that can be recovered from solid waste (e.g. through biogas production).

The LAIF contribution includes two parts: a) an investment grant of €8 million and b) technical assistance of €3.3 million. The leverage ratio of the LAIF contribution is 7.5:1 in relation to the total project amount. The LAIF funding will a) support the preparation and implementation of the whole project by strengthening the managerial and technical capacity of the promoter, b) close the financing gap in the project budget by scaling up the EIB financing, and c) support the implementation of the communication and visibility plan.

Building capacity in Jujuy province through the technical assistance component will allow the transfer of competencies to municipalities so that they become actively involved with the local population in reducing waste generation (prevention, reduction, recycling and reuse) and thus comply with environmental norms while contributing to climate mitigation.

MULTI-SECTOR

Support to Fonplata Regional Financial Institution on Climate Mitigation and Adaptation Actions

ARGENTINA, BOLIVIA, BRAZIL, PARAGUAY AND URUGUAY

Total budget: €102.39 million

LAIF contribution: €2.39 million

Lead finance institution: European Investment Bank

Type of LAIF support: Technical assistance

Project period: Q3 2018 – end of 2023

The River Plata Basin is the second largest river basin in Latin America and a major source of freshwater for the region. It supports some of the most important hydroelectric dams in Latin America, as well as industry and agriculture. The territory generates about 80% of GDP for the 228 million inhabitants of the five countries that share the basin and its ecosystem (Argentina, Bolivia, Brazil, Paraguay and Uruguay). A series of significant el Niño events in recent years has brought extreme weather to the area, including flooding and droughts, with major negative impacts on the population. While South America has seen vigorous social and economic progress over recent decades, this has begun to slow down and there are large variations of economic growth across countries in the region. Inequality is significant in the River Plate Basin: nearly half (47.8%) of the rural population are poor and around 28.4% are extremely poor.

The five countries sharing the basin are shareholders of Fonplata, a regional multilateral financial institution founded in 1974 to support inclusive development within the geographical boundaries of the basin and its surrounding regions. With an excellent track record, Fonplata now plans to increase its loan disbursements to up to $1.3 billion (about €1.15 billion) for new projects in its investment pipeline for the next 3 years. The EIB will provide a €50 million Framework Loan to Fonplata to support multi-sector projects with a focus on climate mitigation and adaptation measures in sectors such as the provision of basic services in rural and urban areas, urban renewal, and the development and improvement of climate change resilience in the basin. The provision of safe water is another priority for the region's population.

LAIF provides technical assistance to Fonplata to improve its policies and procedures, and to take greater account of climate action resilience and vulnerability of the population in the region, as well as in the design and implementation of its projects. It is a unique intervention as it targets a regional development bank directly, one that can engage with sub-national authorities, thus directly targeting one of the main objectives of the LAIF for the coming years.

PRIVATE SECTOR

Green Micro, Small and Medium Enterprises (MSMEs) Initiative in Central America

COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA AND PANAMA

Total budget: €62.1 million

LAIF contribution: €14.38 million

Lead finance institution: Kreditanstalt für Wiederaufbau (KfW)

Co-financiers: Central American Bank for Economic Integration (CABEI)

Type of LAIF support: Guarantees
Technical assistance

Project period: End of 2034 for guarantees; end of 2028 for technical assistance

The Central American Energy Strategy 2020 has committed the region to reduce its total greenhouse gas (GHG) emissions by 20% by 2020. At the same time, the region is anticipating a growth in energy demand of about 4.5%-5% per year in the coming years. In the past, multilateral and bilateral development agencies have tended to support large-scale investments to increase power generation, transmission and distribution to meet this demand. However, the environmental impacts of these large-scale projects have led to a questioning of this supply-side approach. Instead, there is increasing interest in renewable energy options, notably with smaller installed capacity (up to 10 MW), which can be implemented by private investors, including micro, small and medium enterprises (MSMEs). There is also scope to save energy through energy efficiency measures.

A major obstacle to a greater involvement of the private sector, and particularly MSMEs, in such smaller-scale renewable energy (RE) and energy efficiency (EE) initiatives is the lack of access to finance. This is partly a market issue, with investors not seeing RE and EE projects as bankable due to a high-risk perception of these projects. At the same time, the need for collateral, combined with high interest rates and short loan terms, has discouraged many MSMEs from venturing into the sector.

Different donors have made efforts to increase private investment in RE/EE at regional level with successful results. CABEI, together with the LAIF and KfW, launched the Energy Efficiency and Renewable Energy Programme for SMEs in Central America in 2011. As a result of these projects, there has been an estimated reduction in CO_2 emissions of 58 186 tons per year. These results have reinforced the need for a similar engagement going forward.

New initiatives include the encouragement of private producers (e.g. dairy farmers) to install their own small-scale energy generation facilities (e.g. biogas). Simultaneously, there is still a need for technical assistance and guarantees to overcome investment barriers to environmental projects, while the profile of RE and EE technologies needs to be raised further among potential investors.

The Green MSMEs Initiative comprises three main components: technical assistance, a partial risk guarantee scheme and a credit line for financing environmental investments. The components will help CABEI to consolidate and promote environmental investments in Central America, while expanding both its financial resources and its portfolio of energy efficiency projects.

The LAIF contribution includes technical assistance of €4.5 million and a financial instrument in the form of a partial risk guarantee of €9.5 million. The technical assistance, financed partly with the LAIF contribution, will contribute towards developing studies and audits and providing capacity building. The financial instrument resources financed partly with the LAIF contribution will make it possible to provide financial guarantees for risk coverage of up to 75% of a total credit loan (for a maximum amount of US$2.5 million) to support the financing of energy efficiency and renewable energy projects.

PRIVATE SECTOR

DINAMICA Initiative II (new component Seed Capital Risk Financing)

REGIONAL

Total budget: €74.94 million

LAIF contribution: €12.35 million

Lead finance institution: KfW

Co-financiers: Central American Bank for Economic Integration (CABEI)

Type of LAIF support: Investment grant
Technical assistance

Project period: Q2 2019 – Q2 2026

The Central American and Caribbean region has become a breeding ground for small businesses. Micro, small and medium enterprises (MSMEs) account for up to 95% of private enterprises in Central America, providing jobs for as many as 45% of the labour force. While up to 40% of people in some of the target countries in the region may consider starting a business, there is also a perceived fear of failure. This is borne out to some extent by the likelihood of MSMEs encountering serious cash-flow problems in the first 4 years of their operations. This also acts as a further disincentive for finance institutions to offer loans to MSMEs. Debt finance may not be the best financing mechanism for these enterprises in the region, which also cannot often provide the collateral that financing entities require.

Although there are some seed capital initiatives in the region, the general scarcity of seed capital remains a bottleneck, obstructing the development of newly created MSMEs. The DINAMICA initiative therefore aims to address this bottleneck by facilitating the access of new innovative enterprises to seed capital in order to start their operations. The Seed Capital Risk Financing component of the DINAMICA initiative is expected to support at least 800 MSMEs, of which 480 are new enterprises, and at least 100 of them led by women.

The benefitting MSMEs cover a range of sectors, including information technologies, manufacturing and tourism. The seed capital can be used, for example, to invest in fixed assets such as machines, equipment and tools or to support the formalisation of the enterprises. The initiative will also offer tailor-made technical assistance to selected MSMEs and will also link up with other technical assistance initiatives in the region aimed at supporting MSMEs.

The LAIF contribution includes an investment grant of €7 million and technical assistance of €5 million. Resources from the investment grant will be used to allow entrepreneurs to access funding in order to start their business or make them grow. The technical assistance programme, financed with the LAIF contribution, will contribute a) to assisting CABEI to implement the Seed Capital Risk Financing component, b) to the visibility and promotion for the Regional Seed Capital Risk Financing component, c) to supporting the entrepreneurs through the EDCs (Entrepreneurial Development Centres).

It is important to emphasise that this project is part of the DINAMICA Initiative 'Entrepreneurial Development and Promotion of Micro, Small and Medium Enterprises (MSMEs) in Central America'. The Initiative provides loans for successful innovative MSMEs that reach the break-even point after receiving seed capital. This means that the DINAMICA Initiative meets the financial needs of Central American MSMEs at all stages of their development. The current project represents an innovation and an extension to the Initiative, as it includes for the first time the Seed Risk Capital Financing, a vital component promoting new and innovative start-ups. Moreover, the component includes a continuation of the Initiative's technical assistance component.

URBAN DEVELOPMENT

Sustainable Cities Projects Identification Strategic Facility - LAIF City Life

LATIN AMERICAN COUNTRIES

Total budget: €6.2 million

LAIF contribution: €5.2 million

Lead finance institution: Agencia Española de Cooperación Internacional para el Desarrollo (AECID)

Co-financiers: n/a

Type of LAIF support: Technical assistance.

Project period: 2019 – 2023

Latin America is experiencing rapid urbanisation. Eight in 10 people in the region now live in cities and by 2025 the urban population is expected to rise to 575 million, compared to 69 million in 1950. Three of the world's largest megacities are in Latin America, while more than 300 cities have populations over 250 000. Two-thirds of the region's GDP is based on services and industry in urban areas.

The consequences of rapid and poorly planned urbanisation are by now familiar, with infrastructure and services (e.g. water and sanitation, energy, transport, communications) that struggle to keep pace with demand. These challenges are exacerbated by the consequences of climate change, to which the region is particularly vulnerable.

The present facility builds on the strong and long-term presence of the AECID in 20 countries in Latin America and the Caribbean. AECID has jointly pre-identified a number of target action lines with national and local governments in a range of sectors – water and sanitation, solid waste management, transport and mobility, energy, housing, public spaces and facilities, digitalisation (smart cities), rehabilitation of historical heritage and the post-crisis reconstruction of cities. Studies and other actions supported by the strategic facility prepare financially sustainable and bankable projects. AECID would commit a minimum loan of €15 million per project. As there may be a maximum of 20 projects identified under the Facility, AECID may potentially provide financing of up to €300 million for project implementation. The facility will represent an open platform for Financial Institutions.

Specific action lines include, among others, an integral plan for improving neighbourhoods and housing in Medellín (Colombia), an urban plan for Jamundino in Pasto (Colombia), the San Jacinto Cultural and Recreational Complex (El Salvador), a study on the recovery of urban riverbanks and vulnerable communities along the Atoyac River in Mexico, a strategic plan for alternative transportation in the eastern area of Panama City (Panama), and two projects from the Asunción Coastal Strip Master Plan (Paraguay).

AECID will also implement a structured training course for urban managers, and four annual urban intervention competitions intended to boost the identification of creative and innovative proposals for integral urban improvement.

The LAIF contribution will be used to support the implementation of the facility and to improve the procurement processes. It will also finance the development or revision of Action Urban Plans and of prefeasibility, feasibility and sector studies, environmental or social impact assessments. It will also be used to mobilise specialised sectorial expertise in support of strategic planning, and to ensure appropriate communication and visibility of the facility.

LAIF

Analysis of LAIF portfolio 2010-2018

In the nine years since it was launched in 2010, the Latin America Investment Facility has approved a total of 46 contributions for a combined LAIF grant of almost €386 million. This LAIF contribution has supported investment projects worth over €8.56 billion, with individual allocations ranging in size from €1.6 million to almost €51 million. LAIF contributions mainly took the form of technical assistance or investment grants and sometimes a combination of both, with one project receiving support in the form of risk capital and one as guarantees.

Geographic breakdown

Sixteen[2] of the 46 contributions support regional projects, receiving a total contribution of €121.4 million (31% of the total LAIF contribution). Of these projects, 12 involved the whole region and 4 focused on Central America. The other 30 projects concern 14 individual countries. The country that has received the biggest allocation is Nicaragua with a total of almost €58 million (15%) for two projects, followed by Ecuador, with a total of €44 million (11%) for five projects. Bolivia is in third place, with €35.5 million (9%) for three projects. Other countries that have benefitted from important contributions have been Colombia (7%) with four projects; Mexico (6%); Chile (4%); Argentina, Cuba, El Salvador, and Honduras (approximately 3% each); Peru (2%); Paraguay (1.4%); Costa Rica (1%); and Brazil (0.4%).

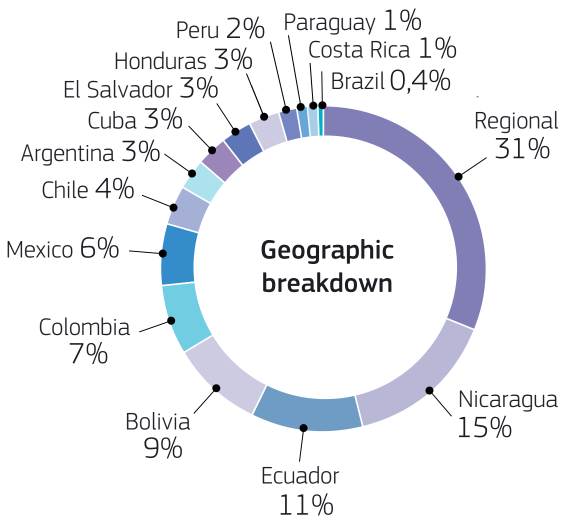
2 The project Geothermal Development Facility Latin America received two LAIF contributions (one for technical assistance in 2014 and one investment grant in 2015).

Sector distribution

The two sectors to receive the most LAIF support in 2010-2018 were water and sanitation and energy. The total LAIF contribution to the eight water and sanitation projects approved in this period amounted to €99 million, or 26% of the total, while seven energy projects received €68 million (18%). Seven projects supporting the private sector account for 16% of the total contribution (€62.7 million) and five transport projects account for 7% of the total contribution (€28.8 million). Five environmental projects account for 11% (€42.6 million), and four projects targeting agriculture and forestry account for 7% (€27.9 million). Three projects targeting urban development received €14.8 million and accounted for 4%. Social projects accounted for 4% of LAIF support, with education and rural development projects both accounting for 3%. Finally, multi-sector projects accounted for 1% of total LAIF support.

Joint European-Latin American operations

Almost all of the LAIF operations involve at least one European finance institution and at least one Latin American regional development bank. In this way, the facility demonstrates its capacity to act as a catalyst for concrete EU-Latin America cooperation and its potential for creating constructive synergies.



Types of LAIF support

The LAIF provides support to beneficiary countries in a number of ways. Technical assistance provides for functions such as management, expert advice, and market and operational studies. Investment grants provide for equipment and supplies, typically to address specific aspects with a strong socio-economic or environmental focus. Investment grants can therefore ease the burden on other funders, raise credit ceilings, improve the concessionality of credits and encourage other investors to participate in the projects. Most LAIF support has been in the form of technical assistance, which accounts for 52% of the total LAIF contribution. Investment grants account for 38%, guarantees represent 6%, and fees – 3%. Over 80% of the projects benefit from technical assistance support, with more than half of those having received a combination of technical assistance and investment grants, and one a combination of technical assistance and risk capital. Seven projects received contributions solely in the form of an investment grant.

CIF

The Caribbean Investment Facility

Similar to the Latin America Investment Facility, but funded from the European Development Fund (EDF), the Caribbean Investment Facility (CIF) combines EU funding with other public and private sector resources to support investments in key infrastructure projects in the Caribbean region. The overarching goal of the facility is to promote sustainable and socially inclusive economic development and growth by supporting investments in strategically important sectors of the regional economy.

The contributions provided by the facility act as a catalyst to leverage the investment needed to fund capital-intensive infrastructure projects throughout the region. Given the private sector's potential as an engine for the creation of economic opportunities and jobs, many projects support private sector development, with a focus on small and medium-sized enterprises (SMEs). Island nations in the Caribbean are particularly vulnerable to the negative impacts of climate change. Reflecting this, another major overarching goal shared by many CIF projects is to support partners in the region as they strive to adapt to and mitigate the impacts of climate change.

Regional integration is seen as an effective means of achieving prosperity, peace and security; CIF also seeks to reap the sustainable development benefits that increased regional integration can provide. The facility strives to achieve these objectives by focusing on a number of key policy goals, including promoting interconnectivity with better transport and energy infrastructure, and by improving access to information and communication technology (ICT). In light of the region's vulnerability to severe weather, a priority of the facility is to support the creation of infrastructure linked to disaster prevention or mitigation, and to address the need for social service infrastructure. To reduce social inequalities in the region, the CIF also strives to ensure that everybody in the region has equal access to good quality services by establishing better water and sanitation and other service infrastructure.

The CIF is funded under the European Development Fund (EDF), the EU's multiannual funding instrument to support countries in the African-Caribbean-Pacific (ACP) group. Since its launch in March 2013, the CIF has provided a total contribution of almost €128 million to finance 15 projects in the Caribbean region with a total investment budget of over €1.1 billion.

This support is provided through investment grants, technical assistance and risk capital or other risk-sharing instruments. Support to projects may consist of one, two or a combination of all three of these elements. By supplying a framework for combining EU resources, provided under the EDF, with funding from European, regional and international development finance institutions as well as beneficiary countries' own resources and private sector resources, the CIF helps guarantee the sustainability of the implemented projects and ensures that they have the desired social and economic impact.

The CIF supports investments in the 15 Caribbean countries that have signed the ACP-EU Partnership Agreement: Antigua & Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts & Nevis, St Lucia, Saint-Vincent and the Grenadines, Suriname and Trinidad & Tobago.

CIF AT A GLANCE

(as at 31 December 2018)

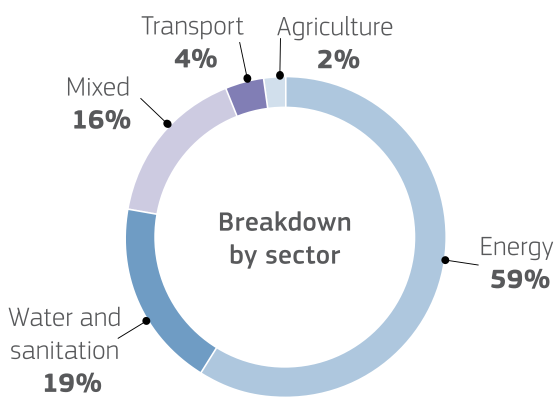
Total programme budget (2012-2018):

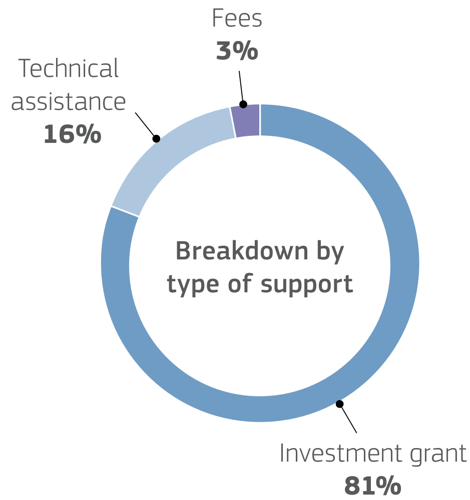
€140 million

CIF financing to 15 approved projects	Loans by FIs to approved projects[3]	Amount leveraged by CIF support
€127.8 million	€767.7 million	€1.13 billion

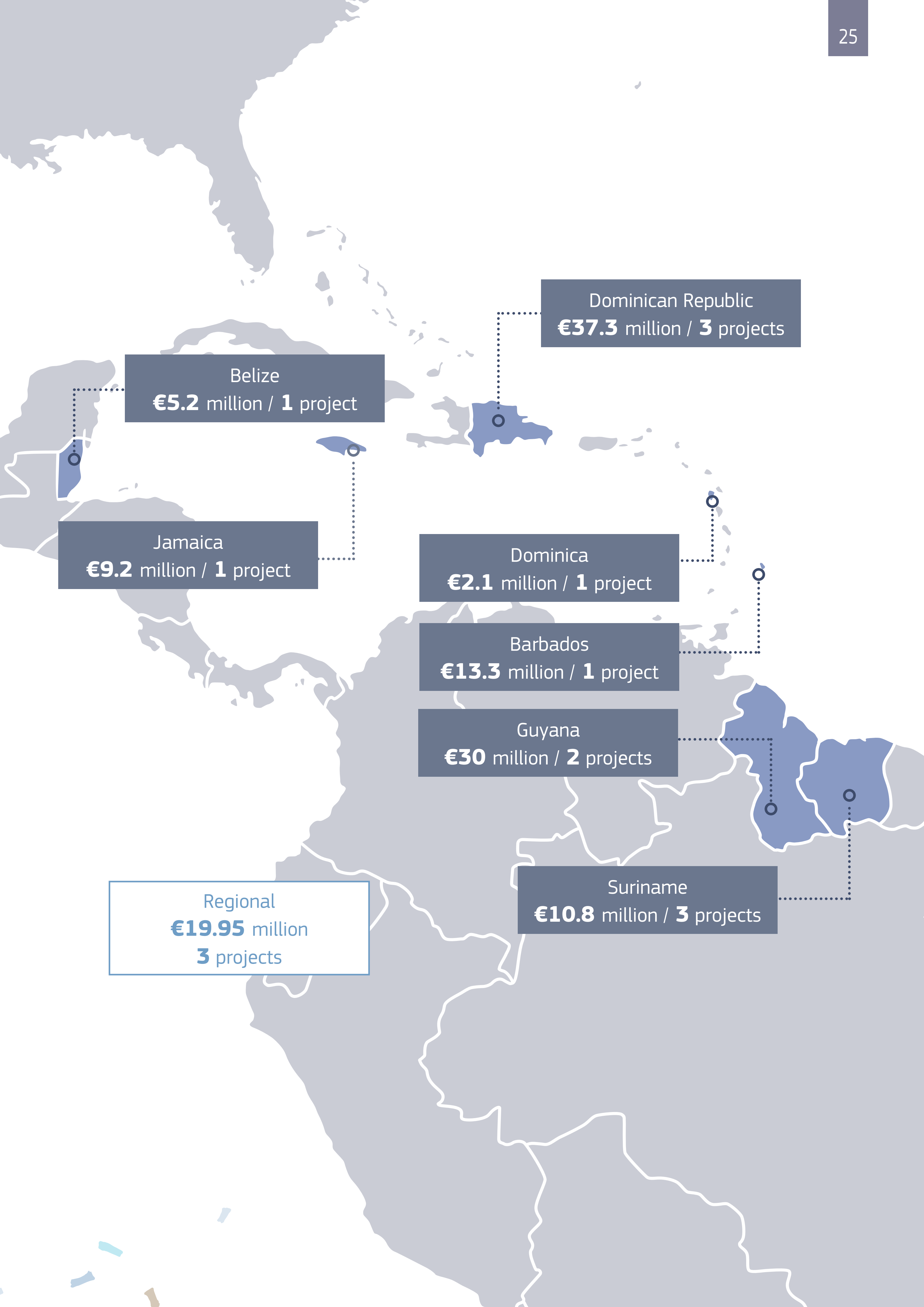
CIF portfolio 2010-2018

(percentage of total CIF funding)





3 FI contributions in US$, converted using the March 2019 rate.


Dominican Republic
€37.3 million / 3 projects
Belize
€5.2 million / 1 project
Jamaica
€9.2 million / 1 project
Dominica
€2.1 million / 1 project
Barbados
€13.3 million / 1 project
Guyana
€30 million / 2 projects
Regional
€19.95 million
3 projects
Suriname
€10.8 million / 3 projects

CIF HIGHLIGHTS 2017-2018

In 2017-2018

Four CIF contributions were approved for a total value of over €42 million.

CIF support leveraged €165 million of investments (an average leverage ratio of almost 1:4).

Technical assistance accounted for 18% of CIF support in 2017-2018, with 80% in the form of investment grants, fees accounted for 2%.

By the end of 2018, 7 countries had benefitted directly from bilateral CIF projects. Others took part in regional and sub-regional projects.

Of the four contributions approved in 2017-2018

Contributions to 3 projects can be reported as climate action according to the Rio Convention on Climate Change.

Two new countries joined the CIF family, Jamaica and Barbados, with one project approved for each country.

Three projects were approved in 2018 and one – the Energy Management and Efficiency Programme in Jamaica – in 2017.

Energy was the most funded sector, with two projects receiving a combined CIF contribution of €22.4 million, which will leverage €89.9 million in investment.

Three projects were sector-specific, targeting agriculture and energy, with one multi-sector project – the Technical assistance and investment grant for post-disaster and climate change resilience framework loan.

1. OVERVIEW

A total of four CIF contributions were approved in 2017-2018, totalling €42.2 million, to support projects with a total investment budget of over €165.5 million. The geographical spread of the CIF support in 2017-2018 was diverse, with the fur contributions going to fund projects in four different countries: Barbados, Dominican Republic, Jamaica and Suriname. Of these, Barbados and Jamaica received CIF funding for the first time.

The Energy Management and Efficiency Programme in Jamaica, approved in 2017, will promote a more efficient use of energy resources, thereby freeing up public funds through lower spending on oil imports, helping the government to further reduce its debt and create the fiscal space for productive spending, while also contributing to a reduction in greenhouse gas emissions. A second project targeting the energy sector was approved in 2018, this time in Barbados. The Sustainable Energy Investment Programme will use its CIF contribution of €13.3 million to raise a total of €53.4 million in support of energy efficiency and renewable energy measures in the country.

The Agricultural competitiveness programme in Suriname will support Suriname's Ministry of Agriculture, Animal Husbandry and Fisheries in implementing activities aimed at strengthening key aspects of its agricultural strategy, including agricultural health and food safety, and agricultural research and technology transfer. The project also aims to increase agricultural revenue, productivity and exports. Finally, the Technical assistance and investment grant for post-disaster and climate change resilience framework loan in Dominican Republic will support the reconstruction of infrastructure damaged by hurricane Matthew in October 2016 and flash floods in November 2017.

As in previous years, climate change adaptation and mitigation efforts represented an important overarching goal of CIF funding in 2017-2018, with three of the four projects reporting climate change adaptation and mitigation as a significant or principle objective, according to the Rio Convention on Climate Change. In total, €23.4 million or 57% of the total CIF contribution is reported as climate action support.

Concerning the type of support provided by CIF in the reporting period, two of the projects consist solely of an investment grant component, while two combine an investment grant with technical assistance. The investment grant contribution to all four projects amounts to €33.6 million or 80% of the overall CIF funding in the two-year period. Meanwhile, technical assistance amounted to €7.5 million (18%) and fees amounted to €1.1 million (2%).

The financial leverage of the CIF contributions in 2017-2018 is moderate, with €42 million leveraging €165.5 million. The higher leverage ratio in the previous reporting period was due to the relatively large investment leveraged by the CIF contribution to the Geothermal risk mitigation programme for the Eastern Caribbean, where a CIF contribution of €12 million leveraged a total investment of €412.4 million.

2. SUPPORTING EU POLICY INITIATIVES IN THE CARIBBEAN

The EU's relationship with the Caribbean region is based on a long history of cultural and economic ties. This is underpinned by political dialogue between the two regions and trade and development funding at both national and regional levels, within the framework of the Cotonou Agreement and the CARIFORUM-EU Economic Partnership Agreement. In 2012, the EU published the Joint-EU Caribbean Partnership Strategy, which it developed jointly with the Caribbean Forum (CARIFORUM) countries with the aim of intensifying cooperation in a number of core areas of mutual interest. These include regional integration, efforts to adapt to and mitigate the effects of climate change and natural disasters, crime and security, and joint action in multilateral fora. These strategic objectives are reinforced in the more recent Strategic Plan for the Caribbean Community 2015-2019.

Increased access to reliable energy supplies is a key prerequisite for improving living standards, creating economic opportunities and fostering sustainable and equitable socioeconomic growth. In light of this, a key objective of the EU's development assistance, both in the Caribbean and elsewhere, is to support partner countries in deploying modern, safe and sustainable energy services. Increased access to reliable energy supplies also supports another EU policy goal in the region – that of generating a healthy economic and investment climate in the Caribbean.

The EU mainly channels its development assistance to the Caribbean through the EDF, with a total indicative allocation to the Caribbean region under the 11th EDF for 2014-2020 of €346 million. The 2014-2020 funding represents a significant increase from €165 million in the previous programming period, reflecting the fact that many of the challenges being faced in the Caribbean are regional in nature. By increasing the funding needed to implement key infrastructure projects in a range of sectors in the region, from energy and agriculture to water and sanitation and transport, the CIF has been one of the main tools used by the EU to achieve its development policy objectives.

This has been the case since the facility was launched in 2013, and 2017-2018 was no exception. CIF supported projects targeting the energy and agriculture sectors and one project supporting post-disaster and climate change resilience. The agriculture project, in Suriname, will enable safer, more sustainable and competitive production of selected agricultural products, while increasing the country's export capacity and food security.

Two energy projects, in Barbados and Jamaica, will help reduce these countries' dependence on fuel imports, helping to make their energy systems more sustainable and improving energy access for SMEs, which are key drivers of job creation in the region. The final project, in the Dominican Republic, is a climate-change resilience initiative that will support the reconstruction of infrastructures damaged by hurricane Matthew in October 2016 and flash floods in November 2017. This project is fully in line with the climate change and natural disaster relief focus of the Joint-EU Caribbean Partnership Strategy, as outlined above.

Gender equality is a significant objective for three of the four projects approved for CIF funding in 2017-2018. These projects will support the policy goal of economically empowering women in an effort to ensure that development is as inclusive as possible and that nobody gets left behind.

3. PROJECTS

AGRICULTURE

Agricultural Competitiveness Programme

SURINAME

Total budget: €16.33 million

CIF contribution: €2.35 million

Lead finance institution: Inter-American Development Bank (IDB)

Type of CIF support: Investment grant

Project period: January 2019 – June 2022

While Suriname's support for agricultural goods and services is close to or higher than other Latin American and Caribbean countries, a medium and long-term challenge is to diversify the provision of these services, including infrastructure, research and agricultural health. The majority (94%) of this government support is concentrated on irrigation infrastructure in the east of the country. The Government of Suriname has begun reforming the sector (since 2013), but the health status of the country's agriculture and livestock is still vulnerable, mostly because of delays in implementing scientific, risk-based surveillance and control systems. This, in turn, is partly due to a lack of modern laboratories, equipment, protocols and facilities, as well as a need to improve the application of international food safety standards.

The present programme attempts to address some of these issues, with the overall objective of strengthening key aspects of Suriname's agricultural sector strategy, specifically in terms of agricultural health and food safety, as well as agricultural research and technology transfer.

This component of the programme is intended to complete the physical infrastructure of the Cluster Laboratory of the Ministry of Agriculture, Animal Husbandry and Fisheries (LVV). The Cluster Laboratory, which will be funded by the CIF contribution, will underpin key research and the technology activities of the LVV as a whole, as well as other components of the project. The training needs of LVV staff will also be taken into account when implementing this activity.

ENERGY

Energy Management and Efficiency Programme

JAMAICA

Total budget: €36.48 million

CIF contribution: €9.17 million

Lead finance institution: Inter-American Development Bank (IDB)

Co-financiers: Japanese International Cooperation Agency (JICA)

Type of NIP support: Investment grant

Project period: March 2018 – May 2022

Jamaica relies heavily on fossil fuels, importing over 90% of its energy needs. In 2010-2015, petroleum imports cost an annual average of US$1.9 billion or 13.5% of GDP, representing more than one-third of Jamaica's total import bill. Within this context, the Energy Management and Efficiency Programme aims to promote a more efficient use of energy resources to free up public funds spent on oil imports, in order to help the Government of Jamaica to further reduce its debt and create the fiscal space for productive spending, while at the same time contributing to a reduction in greenhouse gas emissions.

Specifically, the programme aims to reduce electricity consumption at government facilities and to decrease fuel consumption as a result of improved traffic management. The EU financing will make it possible to expand the scope of energy efficiency retrofits to seven extra buildings in the health sector, allowing them to save 8.25 GWh annually and avoid emissions of 9 003 tons of CO_2 equivalent into the atmosphere. The hospitals being retrofitted with EU funds can cater for 1 785 patients in total. The retrofitted buildings will also be utilised as an emergency shelter or safe haven in times of emergency.

The project will also build institutional capacity in Jamaica to promote and supervise electricity planning in the country. This improved electricity planning, better maintenance of facilities and road safety in general will help guarantee the sustainability of the project's impact. The CIF funding used for communications and awareness raising will make it possible to roll out building codes, disseminate the results of the programme and raise awareness in the public and private sector regarding energy efficiency standards.

The project will have a positive environmental effect thanks to its potential impact on greenhouse gas emissions, the substitution of fossil fuel-based electricity generation, and climate change mitigation resulting from the implementation of energy efficiency and renewable energy measures. The programme will provide the means to avoid 618 608 barrels of oil-equivalent in annual fuel imports and 228 424 tons of CO_2/year-equivalent, thanks to the upgrading and modernisation of public facilities and the traffic management system in the country's capital.

ENERGY

Sustainable Energy Investment Programme (Smart Fund II)

BARBADOS

Total budget: €53.41 million

CIF contribution: €13.26 million

Lead finance institution: Inter-American Development Bank (IDB)

Co-financiers: Caribbean Development Bank (CDB), South Korea Ministry of Trade, Industry and Energy (MOTIE)

Type of NIP support: Investment grant
Technical assistance

Project period: March 2019 – March 2024

Barbados relies heavily on imported oil products to supply its energy needs, with fuel imports accounting for 93% of total primary energy supply. In an effort to reduce this dependence, the Sustainable Energy Investment Programme will support energy efficiency (EE) and renewable energy (RE) measures in the country.

The programme aims to reduce electricity consumption in the commercial, residential and public sectors by implementing RE and EE measures which will, in turn, have a positive effect on the country's challenging macroeconomic situation. Another specific aim of the project is to reduce greenhouse gas emissions from liquid fossil fuels used for power generation and transport. The project will also increase institutional capacity for the management of RE and EE project preparation, energy savings management, and for the design and implementation of performance-based contracts through private energy service providers.

The project will be structured in three main components. The first of these involves pre-investment studies and implementation of RE and EE in SMEs. Secondly, the project will target the implementation of similar projects in the public sector using performance-based contracts through private energy service providers. Thirdly, the programme will provide capacity building and institutional support to private sector stakeholders, particularly commercial banks, in structuring and financing RE and EE projects.

The EU financing will make it possible to expand the scope of the EE and RE measures. Thanks to the CIF contribution, it will be possible to support a greater number of SMEs by providing technical assistance on pre-investment studies, and loans for the implementation of EE and RE projects. These projects are expected to have a significant impact, especially in the tourism industry, not only because of their innovation aspect, but also by reducing energy consumption in a sector considered to be one of the main drivers of the national economy. The CIF support to SMEs will help make energy consumption more efficient, which should translate into savings in electricity bills for end-users. The CIF support will also contribute to a greater public awareness of the benefits of using cleaner fuels, which is directly related to the goal of reducing greenhouse gas emissions.

TRANSPORT/ENVIRONMENT/ URBAN PLANNING

Post-disaster and climate change resilience framework programme

DOMINICAN REPUBLIC

Total budget: €59.3 million

CIF contribution: €17.44 million

Lead finance institution: European Investment Bank (EIB)

Type of NIP support: Investment grant
Technical assistance

Project period: 2019 – 2023

This programme is a climate-change resilience initiative that will support the reconstruction of infrastructure damaged by hurricane Matthew in October 2016 and flash floods in November 2017. The programme will focus on the four provinces identified by the Dominican Republic Government as the most affected by these catastrophic events: Monte Cristi, Puerto Plata, Espaillat and Duarte.

EIB provides a Framework Loan. The CIF grant consists of an investment component focusing on resilient housing that will target the most vulnerable sections of the population. CIF will also provide technical assistance for project implementation and monitoring by the government and final beneficiaries. The technical assistance will also cover the design, procurement and supervision of sub-projects.

The main objectives of the programme are to restore livelihoods, reduce vulnerability and enhance resilience to climate change-related disasters in the four provinces. The project will mainly involve the restoration or new construction of basic social infrastructures, such as roads, bridges and housing, and urban infrastructure. A key focus will be climate resilience, so the project will include a substantial element of risk prevention for future natural disasters, with a particular emphasis on infrastructure.

The interventions will be prioritised according to their social impact and climate resilience effect. The main outputs of the investment component of the grant will be the relocation of the affected population to areas with resilient infrastructure and acceptable housing standards, proper planning for the new settlements, and the creation of infrastructure that complies with proper risk standards. Meanwhile, the technical assistance component will deliver capacity building to the implementation agencies and beneficiaries, and support in the pre-screening and follow-up of candidate recovery projects. This component will also cover stakeholder engagement plans, support in planning the new settlements and strengthening the risk-prevention component of civil protection. The technical assistance will help maximise the positive social impacts of the project and mitigate any negative impact on the people affected by the disasters.

CIF

Analysis of CIF portfolio in 2013-2018

Since CIF was launched in 2013, 15 contributions have been approved for a total CIF grant of around €128 million in support of projects with a total investment value of over €1.1 billion. In terms of allocation to individual projects, CIF contributions have ranged from €2.1 million to €19.4 million. These contributions have taken the form of technical assistance or investment grants and sometimes a combination of both.

Geographic breakdown

Three of the 15 contributions, for a total amount of over €19.9 million (15.5%), support regional projects while the other 12 benefit five individual countries. The country that has received the largest allocation is the Dominican Republic, with a total CIF contribution of over €37.3 million (29%) to three projects, followed by Guyana with two contributions worth a total of over €30 million (24%). Barbados, as a newcomer to the CIF family, received the third highest amount, with €13.3 million to one project (over 10%). Three projects in Suriname have also benefitted from CIF support, totalling €10.8 million (over 8%). Another newcomer, Jamaica, accounts for 7% of overall CIF funding, with a contribution worth €9.2 million approved in 2017, while Belize and Dominica have 1 project each, receiving CIF support of €5.2 million (4%) and €2.1 million (2%) respectively.

Sector distribution

In the CIF operational report for 2016 we reported that energy was the sector that had received the most support from the Facility, and this situation remained unchanged for the overall period 2013-2018. The eight contributions to energy projects

approved since the launch of the facility account for over 59% of the total CIF contribution, with a combined amount of over €75 million. The three contributions to water and sanitation projects amount to €24 million, representing just under 19% of the total CIF contribution. Two multi-sector projects account for 16% of the total contribution (€21 million), while transport represents 4% of the total contribution (€5.2 million) and agriculture 1.6% (€2.4 million). While addressing climate change mitigation and/or adaptation has not been designated as a sector, it represents a principal or significant cross-cutting component in 13 out of the 15 projects approved in 2013-2018.

Joint European operations

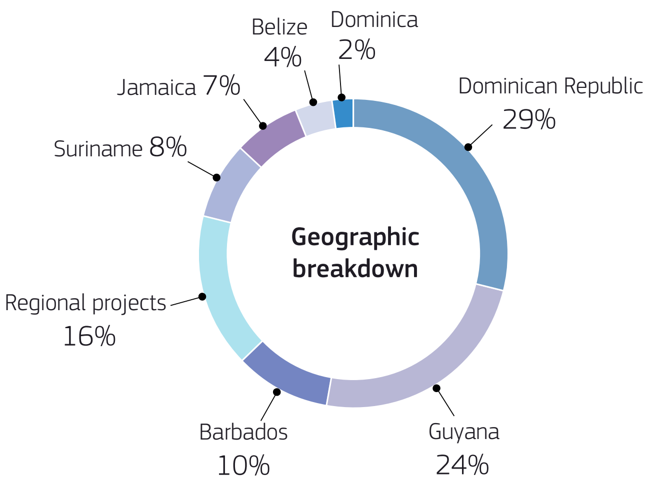
Nearly half of the CIF projects involve cooperation between the European finance institutions, regional development banks and international finance institutions active in the region, as well as national governments. This cooperation demonstrates the capacity of the CIF to create constructive partnerships between the EU and the Caribbean, on both a bilateral and a multilateral level.

Financial leverage

The 15 CIF contributions, totalling almost €128 million, will leverage around €1.13 billion in investments from finance institutions and other actors. This represents a multiplier effect of around 1:9, which means that the CIF contributed to the mobilisation of over €9 for every euro of support that it has provided.

Types of CIF support

CIF contributions have taken the form of investment grants, technical assistance or a combination of the two. Technical assistance provides for functions such as management, expert advice, and market and operational studies. Investment grants provide for equipment and supplies, and therefore ease the burden on other funders, raise credit ceilings, improve concessionality and encourage other investors to participate in the investments. Of the 15 CIF projects, nine have received support solely in the form of investment grants, two in the form of technical assistance and four have been supported with a combination of both.



LAIF CIF

Supporting Latin America and the Caribbean in the fight against climate change

Latin America and the Caribbean are particularly vulnerable to the negative effects of climate change, and this topic occupies a major place on the policy agenda in relations between the EU and countries in both regions. The EU supports climate action in Latin America and the Caribbean through the regional EUROCLIMA programme and its successors, similar programmes in the Caribbean, a sub-regional programme for Central America and through investment programmes under the Latin America Investment Facility and the Caribbean Investment Facility.

In light of the high dependence of countries in the region on agriculture, the low adaptive capacity of the population, and the vulnerability of islands and coastal regions to severe weather, Latin America and the Caribbean are considered to be particularly vulnerable to severe weather and other negative climate change effects. In this context, the need for actions to adapt to and mitigate the effects of climate change features prominently in development projects being implemented in the regions.

At the Latin America and Caribbean Climate Week in Uruguay in August 2018, the United Nations Environment Programme launched the Centre for Climate Action Transparency, which aims to help countries in Latin America and the Caribbean to disclose efforts to meet their climate commitments. This enhanced transparency framework was set up to support countries in meeting their Nationally Determined Contributions registered under the Paris Agreement. Transparency is also one of the underpinning principles of the specific climate change windows (CCWs), which were created in the EU regional blending facilities.

The main objectives behind the establishment of **climate change windows (CCWs)** in the EU regional blending facilities are as follows:

1. Establish a tracking system for climate change-related operations;
2. Ensure transparency of EU financing of climate change projects, including by making a distinction between programmed funds within geographical instruments and new, additional resources;
3. Guarantee better tracking and EU visibility for all its climate actions;
4. Mainstream the fight against climate change in projects (co)financed by the EU;
5. Attract additional financing for climate change.

The tracking system is based on the contribution of each project to the climate mitigation and/or adaptation objectives of the Rio Convention on Climate Change:

- Rio Marker 1: projects where the contribution to mitigating and/or adapting to climate change represents a significant objective (40% of the LAIF/CIF contribution can be reported as climate action support);
- Rio Marker 2: projects where the contribution to mitigating and/or adapting to climate change represents the principal objective (100% of the LAIF/CIF contribution can be reported as climate action support).

Mitigation measures include:

- limiting the emission of greenhouse gases caused by human activity;
- improving energy efficiency and increasing energy saving;
- increasing the production and use of renewable energy;
- protecting and/or enhancing greenhouse gas sinks and reservoirs.

Adaptation measures include:

- reducing human and environmental vulnerability to the impact of climate change;
- promoting climate change adaptation technologies, including the related infrastructures;
- measures for emergency prevention and preparedness to cope with natural disasters.

At the 21st Session of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris in December 2015, countries pledged to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Results

LAIF

Between 2010 and 2018, 34 of the 45 LAIF contributions target climate actions. Of the €381.6 million approved, €246 million can be reported as climate action support according to the Rio Convention on Climate Change (Rio Marker 1: 40% of the LAIF grant; Rio Marker 2: 100% of the LAIF grant contribution).

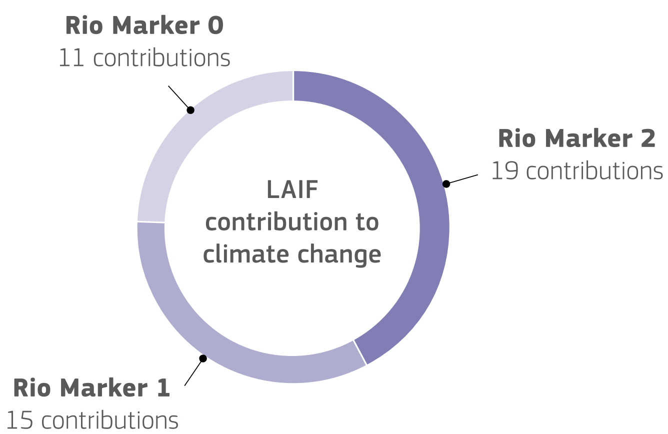
Since its launch, 19 LAIF contributions can be reported as Rio Marker 2, with LAIF contributions totalling over €211 million to be reported as climate action support. Another 15 projects can be reported as Rio Marker 1, with LAIF contributions totalling €35 million to be reported as climate action support.

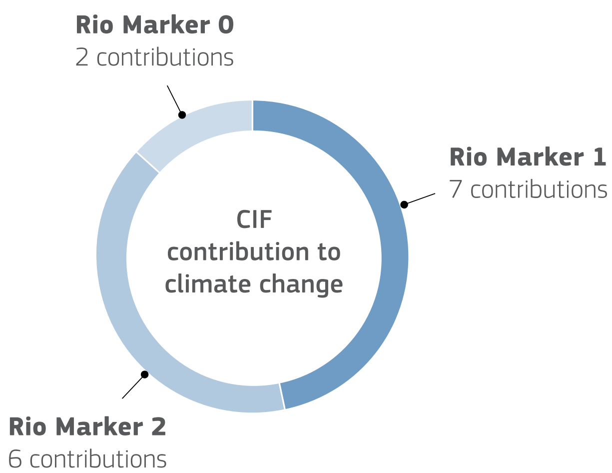
CIF

Between 2013 and 2018, 13 of the 15 CIF contributions target climate actions. Out of the approximately €125 million approved, almost €72 million can be reported as climate action support according to the Rio Convention on Climate Change (Rio Markers).

Six CIF contributions can be reported as Rio Marker 2, with CIF contributions of over €44 million to be reported as climate action support. Another 7 projects were reported as Rio Marker 1, with CIF contributions of over €27 million to be reported as climate action support.

The full list of LAIF and CIF contributions approved up until 2018 is available in the annexes at the end of this report. These annexes include detailed amounts per project to be reported as climate action support in accordance with the Rio Markers' tracking system.





Closing remarks

Stefano Manservisi
Director-General for International Cooperation and Development

The longstanding and constantly evolving cooperation among Europe, Latin America and the Caribbean learns from the past and looks into the future. In recent years, a key feature of this mutually enriching relationship has been the area of blending and investment. This report presents projects approved during 2017 and 2018 under the Latin America Investment Facility (LAIF) and the Caribbean Investment Facility (CIF). It provides a snapshot of the specific development challenges facing countries in Latin America and the Caribbean as they strive to achieve sustainable development to build a better future for their people.

To reach the commitments under the Sustainable Development Goals we need an integrated and coordinated process, based on innovative solutions capable of tackling changing needs and challenges. Blending is one aspect of these set of solutions, and provides a framework within which the EU can strengthen and deepen collaboration with its partners. Given the immense investment gap in the region, currently estimated at 3.1% of regional GDP but expected to increase to 4.4% of regional GDP in 2030, the crowding in of investment is essential for the achievement of the Sustainable Development Goals. The facilities have managed to mobilise and leverage €8.5 billion in Latin America and €1.2 billion in the Caribbean. In other words, every euro spent from the EU budget has managed to attract 22 times its value in Latin America and eight times its value in the Caribbean.

Blending facilities, mobilising when possible private sector funds and the use of tailored financial instruments and technical assistance, are key EU instruments. Delivered through the facilities, blending projects can mitigate market failures and strengthen the development impact of investments. They can also contribute to significant results in a wide range of sectors, from sustainable agriculture and renewable energies to urban transport and support to small and medium-sized enterprises.

Promoting socially inclusive development is at the core of EU action and these facilities are at the forefront of our policy engagement with partner financial institutions and countries. In 2017-2018, the EU contribution of over €79 million under LAIF triggered a total investment of almost €666 million; while over €41 million blending finance provided under CIF leveraged total investment in excess of €165 million, supporting projects that will have a meaningful impact on people's lives.

A number of the projects approved in 2017-2018 benefit directly the private sector, supporting it in reaching its full potential as a driver of socially inclusive development, with a particular focus on the development potential of small and medium-sized enterprises and promoting innovation. So far, LAIF projects aim at reducing 2.7 million tonnes of CO_{2eq} per year. Climate change mitigation and adaptation continues to be a major challenge in Latin America and the Caribbean and many of the LAIF and CIF projects approved in 2017-2018 support mitigation or adaptation efforts.

The engagement of LAIF and CIF with the private sector is central for job creation – which is essential in creating economic opportunities, particularly for young people. The economic inclusion of women is also a key component of sustainable and equitable economic growth, and here too blending has delivered results, with its growing focus on gender equality and women's empowerment. For example, the target number of jobs created through LAIF is 36,000 in construction and maintenance of operations.

As global leader in the provision of development assistance, the European Commission is committed to strengthening its partnerships in Latin America and the Caribbean in an effort to eradicate poverty and leave no one behind. Through LAIF and CIF, we will continue to support our partners in both regions as they strive for sustainable and inclusive economic growth and to reduce social inequalities.

LAIF CIF

Organisational structure

EU Blending Frameworks

A new governance structure for blending instruments was agreed with the EU Member States in 2014. Within this new structure, the EU implements blending operations under the DCI, EDF, ENI (European Neighbourhood Instrument) and IPA (Instrument for Pre-Accession Assistance) Blending Frameworks, corresponding to the financing instruments supporting the Union's external policies. The Blending Frameworks, through their corresponding facilities, cover the countries and thematic operations concerned. The DCI Blending Framework covers the LAIF and the EDF Blending Framework covers the CIF.

The European Commission adopted in September 2017 the External Investment Plan (EIP) to encourage investment in our partner countries in Africa and the EU Neighbourhood region, to strengthen our partnerships and contribute to achieve the Sustainable Development Goals and transition through reforms, helping to address some root causes of migration. Part of the EIP is the new European Fund for Sustainable Development (EFSD) as an integral financing mechanism to support investments by public financial institutions and the private sector. The External Investment Plan builds on the EU's experience in the Neighbourhood Investment Facility (NIF) and the African Investment Facility (AIF), which are now integrated within the EIP.

Project assessment and Board opinion

A blending operation needs to be developed by a finance institution, as it involves the provision of a loan or other type of financing from one or more finance institutions.

The lead finance institution is in charge of submitting a project proposal, using a project application form, for discussion and assessment at a Technical Assessment Meeting. These meetings are chaired by the Commission with the participation of the European External Action Service (EEAS) and finance institutions.

Based on the results of the discussions at the Technical Assessment Meeting, proposals may be considered mature enough for submission to the Board, may be returned for re-submission at a subsequent meeting or may be rejected.

The Board is responsible for formulating opinions on blending operations. It is chaired by the Commission with the participation of the EEAS and the EU Member States, as voting members, and the finance institutions as observers.

Secretariat

The Secretariat of the EU Blending Frameworks is run by the Commission. The Secretariat supports the management of the EU Blending Frameworks by providing support, including in the assessment process and formulation of opinions by the Board, coordination of consultations and organisation of technical assessment and Board meetings, reporting, dissemination of information, sharing of best practices and training. The Directorate-General for International Cooperation and Development (DG DEVCO) provides support to the DCI and EDF Blending Frameworks.

ANNEX

ANNEX

Operations supported by LAIF

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector
El Salvador	2010	Extension of the existing Hydropower Plant "5 de Noviembre" in El Salvador		KfW, CABEI	Energy
Mexico	2010	Linking REDD+ mechanism with local implementation, the forest component of the Special Climate Change Programme of Mexico (PECC)		AFD, AECID, IDB	Climate Change
Nicaragua	2010	National Program of Sustainable Electrification and Renewable Energy in Nicaragua (PNESER)		EIB, IDB, CABEI	Energy
Regional Central America	2010	RE and EE for SMEs in Central America		KfW, CABEI	Private Sector
Regional Latin America	2010	Climate Change Program		KfW, CAF	Environment
El Salvador	2011	Rural Roads Program		AECID, IDB	Roads
Regional Latin America	2011	Sustainable Transport Networks		AFD, CAF	Sustainable transport
Brazil	2012	Improving Service Delivery and Investment Planning in the Power Sector		AFD, IDB	Energy
Chile	2012	Chilean Solar Energy Programme		KfW, others (international and local financial institutions)	Energy
Colombia	2012	Integrated Water Resources Management		AFD, CAF	Water/Sanitation
Colombia	2012	'Bridging the gap': towards a sustainable development of cities and regions		AFD, IDB	Sustainable Urban Development
Mexico	2012	Ecocasa Programme		KfW, IDB	Social
Nicaragua	2012	Phase 1 - Integrated Sector Programme for Human Water and Sanitation (PISASH)		AECID, EIB, CABEI	Water/Sanitation
Regional Central America	2012	Programme for Entrepreneurial Development of MSME in Central America		KfW, CABEI	Private Sector
Regional Latin America	2012	Spanish Cooperation Fund for Water and Sanitation		AECID, IDB	Water/Sanitation
Regional Latin America	2012	Water and Wastewater Investment Programme		KfW, CAF	Water/Sanitation
Regional Latin America	2012	Facility for Performance Based Climate Finance		KfW, CAF	Environment
Bolivia	2013	Road F-21 Tranche Uyuni-Tupiza		EIB, CAF	Transport
Mexico	2013	Combating Climate Change in Agriculture Programme (Mex-3CAP) Support FIRA's strategy for mitigation and adaptation to climate change in the rural sector in Mexico		AFD, IDB	Green Agriculture
Paraguay	2013	Yacyretá Transmission Line: Loss Reduction and Access to Energy		EIB, IDB, CAF	Energy
Peru	2013	Water Supply, Sewage, Wastewater Treatment and Reuse in Lima		KfW, IDB	Water/Sanitation
Regional Latin America	2013	Urban Public Transportation Improvement Program		KfW, CAF	Transport

Total project cost (€ million)	LAIF contribution (€ million)	Amount to be reported as Climate Action support (€ million)	Type of LAIF support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/Guarantee/ Risk Capital started?
132.40	6.20	2.4	IG	Implementing	Awarded	Completed	Not applicable
337.00	2.14	2	TA	Completed	Awarded	Not applicable	Completed
308.80	7.20	2.8	IG	Implementing	Awarded	Under construction	On-going
36.33	3.00	3	TA	Implementing	Procurement finalized	Not applicable	Finalized. Closure phase until 06/2019 for audit
303.00	3.00	3.0	TA	Implementing	Awarded/procurement started	Not applicable	On-going
45.50	4.16	4	Grant	Completed	Awarded	Completed	Completed
403.00	3.00	1.2	TA	Completed	Awarded	Not applicable	Completed
170.00	1.65	0.6	TA	Completed	Awarded	Completed	Completed
350.00	15.30	15	IG	Implementing	Awarded	Under construction	On-going
83.00	4.65	1.8	TA	Implementing	Awarded	Under construction	On-going
159.00	5.20	2	TA	Completed	Awarded	Not applicable	Completed
168.25	7.22	7	TA / IG	Implementing	Awarded	Under construction	On-going
252.30	50.75	50	TA / IG	Implementing	Awarded	Under construction	Design on-going
54.20	3.95	0	TA	Implementing	Procurement finalized	Not applicable	On-going
615.00	15.30	15	TA /Grant	Implementing	Awarded	Under construction	On-going
196.00	4.16	1.6	TA	Implementing	Procurement started	Studies ongoing	No
90.00	10.28	10	TA / IG	Implementing	Procurement started	Studies ongoing	On-going
118.80	8.15	0	IG	Implementing	Awarded	Under construction	Not applicable
100.00	5.20	5	TA / IG	Implementing	Awarded	Under construction	On-going
222.97	5.20	4	IG	Implementing	Awarded	Under construction	Not applicable
136.60	3.15	1.2	TA	Signed	Awarded	Studies completed	No
649.00	3.15	1.2	TA	Implementing	Mostly awarded	Studies ongoing	No

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector
Mexico	2014	Water Sector Development Program 2014-2018		AFD, KfW	Water/Sanitation
Regional Latin America	2014 & 2015	Geothermal Development Facility Latin America (Technical Assistance and Investment Grant)		KfW, CABEI, IDB, CAF, EIB, AFD, JICA, WBG	Energy
Honduras	2015	Honduras Sustainable Roads		EIB, CABEI	Transport
Regional Latin America	2015	Sustainable Cities and Climate Change		AFD,CAF	Sustainable Urban Development
Regional Latin America	2015	Eco.business Fund for SME-development in Latin America		KfW, others (open fund)	Private Sector
Bolivia	2016	Oruro 50 MW Photovoltaic Grid Connected Power Plant Project		AFD	Energy
Colombia	2016	Supporting the implementation of a Climate-smart Rural Landscape		AFD	SME Support
Costa Rica	2016	Improve Sanitation for People and the Environment		KFW	Water/Sanitation
Cuba	2016	Cuba Projects Preparation Facility		AFD	Multisector
Ecuador	2016	Technical and Technological Institutes Programme		EIB	Education
Ecuador	2016	Post-Earthquake Reconstruction Framework Loan		EIB	Social
Ecuador	2016	Supporting Sustainable Forest Production in Ecuador		AFD	Sustainable forest
Ecuador	2016	Modernized Irrigation Project for Small and Medium Farmers		AECID, WB, MAGAP	Green Agriculture
Ecuador	2016	Financing the National Investment Programme in Water, Sanitation, and Solid Waste		AFD	Water/Sanitation
Peru	2016	Combating Climate Change in Agriculture		AFD	SME Support
Argentina	2017	Intergrated waste managment program in Jujuy		EIB, IDB	Environment
Bolivia	2017	Support to Water and Sewerage program in Urban and prei-urban areas in Bolivia		AECID, IDB	Water/Sanitation
Regional Latin America	2017	Green MSMEs initiative for Central America		KFW, CABEI	Private Sector
Colombia	2018	Boost investments for post conflict territories to reduce development gap in Colombia		AFD	Mixed
Cuba	2018	Supporting sustainable investments in the agricultural, energy and food production sector in Cuba with a focus in Camaguey		AFD, IFAD	Agriculture
Regional Latin America	2018	Technical Assistance to Fonplata Regional Framework Loan		EIB	Mixed
Regional Latin America	2018	DINAMICA Initiative (Seed Capital Risk Financing)		KfW, CABEI	Private Sector
Regional Latin America	2018	Sustainable Cities Projects Identification Strategic Facility		AECID	Urban development
					TOTAL

Cancelled projects until 2012 are not included in this annex. These are:

- Latin America Carbon Finance Facility (KfW, CAF)
- Bii Stipa II Wind Power Plant in Mexico (CDP, IDB)
- Compact cities in Mexico: Housing and Urban Development (AFD, IDB)

Total project cost (€ million)	LAIF contribution (€ million)	Amount to be reported as Climate Action support (€ million)	Type of LAIF support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/Guarantee/ Risk Capital started?
209.00	7.22	3.6	TA / IG	Cancelled	Not applicable	Not applicable	Not applicable
1 094.00	20.50	20	TA / IG	Implementing	Awarded/procurement started	No	Yes
159.40	10.35	4	TA / IG	Implementing	Awarded	Under construction	On-going
104.87	4.37	4.2	TA	Implementing	Procurement started	Not applicable	On-going
295.55	16.41	16	Risk Capital/ TA	Implementing	Awarded	Not applicable	No
89.35	11.85	11.5	TA / IG	Implementing	Procurement started	Under construction	On-going
182.00	7.34	7	TA	Implementing	Procurement to be launched	Not applicable	On-going
121.32	3.67	1.4	TA	Implementing	Procurement started	Not applicable	No
3.15	3.15	0	TA	Implementing	Procurement started	Not applicable	On-going
191.40	11.58	0	Grant	Implementing	No	No	Not applicable
163.00	7.28	0	TA	Implementing	Awarded	Not applicable	On-going
48.40	6.50	6.2	TA / IG	Cancelled	Not applicable	Not applicable	Not applicable
126.94	8.41	3.2	TA / IG	Implementing	Procurement started	Under construction	On-going
123.20	10.30	4	TA	Implementing	Awarded	No	On-going
50.00	5.33	5	TA/Grant	Cancelled	Not applicable	Not applicable	Not applicable
87.75	11.70	11.25	TA / IG	Implementing	Procurement to be launched (IG)/ Awarded (TA)	No	On-going
125.55	15.50	15.50	TA / IG	Implementing	Procurement started	Yes	Design on-going
62.10	14.38	0	Guarantee/ TA	Signed	Procurement to be launched	Not applicable	No
125.00	10.34	0	TA / IG	Approved	Not applicable	Not applicable	Not applicable
89.00	7.82	0	TA / IG	Approved	Not applicable	Not applicable	Not applicable
102.39	2.39	0	TA	Approved	Not applicable	Not applicable	No
74.94	12.35	0	TA / IG	Signed	Procurement to be launched	Not applicable	No
6.20	5.20	0	TA	Approved	Not applicable	Not applicable	Not applicable
8 565.70	**385.93**	**245.65**					

TA = Technical Assistance
IG = Investment Grant

ANNEX

Operations supported by CIF

Country	Year of approval	Title of the project	Rio Marker	Consortium of Finance Institutions	Sector	Total project cost (€ million)
Dominica	2013	Support to the development of Geothermal Energy		AFD	Energy	8.50
Guyana	2013	Power Utility Upgrade Programme		IDB	Energy	38.75
Guyana	2013	Water and Sanitation Infrastructure Improvement Programme		IDB	Water and sanitation	21.35
Regional	2013	Credit Facility for Caribbean Development Bank		AFD, CDB	Energy, Environment and green economy, Transport, Water and sanitation	33.00
Belize	2015	George Price Highway rehabilitation for Belize integration		IDB	Transport	21.50
Dominican Republic	2015	Increasing efficiency in water and sanitation management in Dominican Republic		AFD	Water and sanitation	129.00
Dominican Republic	2015	CDEEE electricity distribution loss reduction project		EIB, WBG	Energy	219.20
Regional	2015	Sustainable Energy for the Eastern Caribbean (SEEC) Program		CDB, DFID	Energy	21.17
Suriname	2015	Support to improve Sustainability of the Electricity Service		IDB, AFD	Energy	42.77
Regional	2016	Geothermal Risk Mitigation Programme for the Eastern Caribbean		CDB, IDB, UK-DFID, GCF, JICA	Energy	412.35
Suriname	2016	Towards Sustainable Water Supply		AFD	Water and sanitation	15.79
Jamaica	2017	Energy Management and Efficiency Program		IDB, JICA	Energy	36.48
Barbados	2018	Sustainable Energy Investment Program (Smart Fund II)		IDB, CDB, IFAD	Energy	53.41
Dominican Republic	2018	Technical Assistance and Investment Grant for Post-Disaster and Climate Change Resilience Framework Loan		EIB	Mixed	59.30
Suriname	2018	Agricultural Competitiveness Program		IDB	Agriculture	16.33
					TOTAL	**1 128.90**

CIF contribution (€ million)	Amount to be reported as Climate Action support (€ million)	Type of CIF support	Status	Tendering of EU financed project components started?	Construction of the project started?	EU financed TA/ Guarantee/Risk Capital started?
2.14	2	TA	Implementing	Awarded	Not applicable	On-going
19.38	7.75	IG	Implementing	Awarded	ongoing	ongoing
10.68	4.27	IG	Implementing	Awarded	ongoing	ongoing
3.15	1.2	TA	Implementing	Procurement to be launched	Not applicable	No
5.20	2	IG	Implementing	Procurement to be launched	No	No
10.35	10	IG/TA	Implementing	Awarded	No	No
9.53	0.0	IG	Implementing	Procurement launched	No	Not applicable
4.45	4.3	IG/TA	Implementing	Procurement started	Not applicable	Design on-going
5.20	2	IG	Implementing	Procurement to be launched	No	No
12.35	12.0	IG	Implementing	Not applicable	Not applicable	Not applicable
3.21	3	IG/TA	Implementing	Procurement to be launched	No	No
9.17	3.58	IG	Approved	Not available	Not available	Not available
13.26	13	IG/TA	To be signed	No	No	No
17.44	6.8	IG/TA	Signed	No	No	No
2.35	0.0	IG	Signed	No	No	No
127.85	**71.85**	IG = Investment Grants TA = Technical Assistance				

ACRONYMS

ACP	African-Caribbean-Pacific
AECID	Agencia Española de Cooperación Internacional para el Desarrollo
AFD	Agence Française de Développement
CABEI	Central American Bank for Economic Integration
CARIFORUM	Caribbean Forum
CCW	Climate change window
CDB	Caribbean Development Bank
CIF	Caribbean Investment Facility
CIRAD	Centre de coopération internationale en recherche agronomique pour le développement (Agricultural Research Centre for International Development, France)
COP21	21st Session of the Conference of Parties to the United Nations
Framework	Convention on Climate Change
DCI	Development Cooperation Instrument
DG DEVCO	Directorate-General for International Cooperation and Development
EDC	Entrepreneurial Development Centre
EDF	European Development Fund
EE	Energy efficiency
EEAS	European External Action Service
EIB	European Investment Bank
EIP	External Investment Plan
ENI	European Neighbourhood Instrument
EUBEC	EU Platform for Blending in External Cooperation
FARC-EP	Fuerzas Armadas Revolucionarias de Colombia – Ejército del Pueblo
FI	Financing instruments
GDP	Gross domestic product
GHG	Greenhouse gas
ICT	Information and communications technologies
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IPA	Instrument for Pre-Accession Assistance
IWRM	Integrated Water Resources Management (Bolivia)
JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
LAIF	Latin America Investment Facility
LVV	Ministry of Agriculture, Animal Husbandry and Fisheries (Suriname)
MOTIE	Ministry of Trade, Industry and Energy (Barbados)
MSMEs	Micro, small and medium enterprises
PRODEGAN	Livestock Development Programme (Cuba)
RE	Renewable energy
SME	Small and medium-sized enterprise
TA	Technical assistance
US	United States

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