



European  
Commission

# LAIF

Latin America  
Investment Facility

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# CIF

Caribbean  
Investment Facility

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## 2016

Operational  
Report



International  
Cooperation and  
Development

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# INTRODUCTION

As two of the EU's regional blending facilities, the Latin American Investment Facility (LAIF) and the Caribbean Investment Facility (CIF) use EU development grants to leverage additional investment from European and Regional Development Finance Institutions to finance major infrastructure projects in the Latin America and Caribbean regions.

In this report, which covers the seventh full year of operations for LAIF and the fourth full year for CIF, you can read about the facilities' operational activities in 2016. The report also contains a comprehensive overview of all the projects approved last year in a range of sectors – from agro-forestry and energy to water and sanitation and the social sector. The report provides an analysis of operations since the facilities were launched, broken down by sector, geographical range and the type of support provided. The 2016 Operational Report also shows how the two facilities advance EU development objectives in the region and help to mainstream climate action in development policy by supporting efforts in partner countries 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 provided differs 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 cost, 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.

In this report, we show how both LAIF and CIF have used these instruments in support of major development initiatives and projects throughout the Latin America and Caribbean regions in 2016, making a significant contribution to socially-inclusive development. The support provided has also guaranteed the ongoing sustainability of the projects, ensuring that EU development assistance has a long-term social and environmental impact. Thanks to the effectiveness of this contribution, the facilities have proven themselves as a key tool with which the EU can further its development objectives and support governments in partner countries as they strive to make their societies more sustainable and equitable.

# CONTENTS

INTRODUCTION	1
FOREWORD - Neven Mimica	3
<b>LAIF Latin America Investmet Facility</b>	4
LAIF AT A GLANCE	6
HIGHLIGHTS 2016	8
SUPPORTING EU POLICY INTIATIVES IN LATIN AMERICA	9
OPERATIONS IN 2016	11
1. Overview	11
2. Projects	12
ANALYSIS OF LAIF PORTOFOLIO 2010-2016	26
<b>CIF Caribbean Investment Facility</b>	28
CIF AT A GLANCE	30
HIGHLIGHTS 2016	32
SUPPORTING EU POLICY INTIATIVES IN THE CARIBBEAN	33
OPERATIONS IN 2016	35
1. Overview	35
2. Projects	36
ANALYSIS OF CIF PORTOFOLIO 2013-2016	40
<b>LAIF / CIF SUPPORTING LATIN AMERICA AND THE CARIBBEAN IN THE FIGHT AGAINST CLIMATE CHANGE</b>	42
<b>LAIF / CIF CLOSING REMARKS - Stefano Manservisi</b>	44
<b>LAIF / CIF ORGANISATIONAL STRUCTURE</b>	45
<b>LAIF / ANNEX</b>	46
<b>CIF / ANNEX</b>	50
<b>LAIF / CIF ACRONYMS</b>	52

LAIF / CIF

## FOREWORD

Neven Mimica



Neven Mimica

European Commissioner,  
International Cooperation and  
Development

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

The European Union's cooperation with countries in Latin America and the Caribbean aims to promote sustainable economic development and peaceful societies, which must not come at the expense of our planet or future generations. The region has abundant natural resources, far beyond fossil fuels such as metal ores, forestry, or sunshine for solar energy. One-third of the world's most biodiverse countries are in Latin America.

In recent years, positive changes could be observed in the region in terms of economic growth and poverty reduction, with several countries attaining 'middle income' status. However, poverty still affects roughly 28% of the population – or around 164 million people.

The European Union is adapting its approach to reflect the changing economic environment and development challenges in Latin America and the Caribbean, in line with the United Nations 2030 Agenda for Sustainable Development. The European Union and all of its Member States adopted in June the European Consensus on Development, which is our vision and framework for action in development cooperation. Like the 2030 Agenda, the Consensus centres on people, planet, prosperity, peace and partnerships, and seeks to balance the social, environmental and economic dimensions of sustainable development.

To support our partner countries in delivering the 2030 Agenda and to generate the level of investment needed to ensure sustainable, equitable and inclusive development, we will all need increasingly to adopt more innovative development cooperation approaches. Blending public grants with development loans is a proven way of mobilising additional funding and maximising the development impact. Blending facilities – such as the Latin American Investment Facility (LAIF) and Caribbean Investment Facility (CIF) – enable us to work in a multi-sectoral approach with all interested partners, and to engage with middle income countries in a more effective way. They combine development aid with measures to support coherent policies and improve the business environment.

The LAIF and CIF have already funded projects in Latin America and the Caribbean with a strong climate change and environmental protection focus, which have made a real impact on the lives of citizens and communities. By engaging financial institutions and the private sector, I am confident that the LAIF and CIF will continue to play a critical role in addressing future challenges and opportunities, and in helping our partner countries to ensure a better future for those most in need in this region.



# LAIF

## Latin America Investment Facility

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In the seven years since it was launched, the Latin America Investment Facility (LAIF) has been one of the main tools used by the European Union to work towards the Sustainable Development Goals and pursue the objective of eradicating poverty and promoting sustainable and socially inclusive development in the Latin America region. LAIF combines EU grants with resources from the public and private sector, such as loans and equity, to leverage the funding needed to finance capital-intensive infrastructure projects throughout Latin America.

One of LAIF's key goals is to support projects that are crucial for sustainable socio-economic development in a range of sectors, particularly transport, energy and water and sanitation. Reflecting the potential of the private sector as a catalyst of socially-inclusive development, support for private sector engagement in development processes is also a key objective of the Facility, with a particular focus on small and medium-sized enterprises (SMEs).

LAIF achieves its objectives by adopting three cross-cutting and mutually-reinforcing approaches. Firstly, it aims to improve regional integration and inter-connectivity between and within Latin American countries through better energy and transport infrastructure. The second approach involves building support for environmental protection and climate change adaptation and mitigation actions in partner countries into projects approved for LAIF funding. Finally, LAIF projects should

promote equitable and sustainable socio-economic development through the improvement of social service infrastructure.

To achieve these aims, in 2009-2016 the Facility has had at its disposal a total budget of approximately €323 million, made available under the EU's Development Cooperation Instrument (DCI). Of this amount, LAIF has approved almost €305 million in grants to projects with a combined investment cost of over €8 billion.

Thanks to the scale of its impact, LAIF has been very well received by partner countries in the region and has provoked a positive response from EU Member States and Finance Institutions. Consequently, it is well placed to continue to deliver tangible results that improve the lives of communities in Latin America, underpinning the EU's role as one of the main development partners in the region.

## ELIGIBLE EUROPEAN FINANCE INSTITUTIONS

### Multilateral European Finance Institutions:

European Investment Bank (EIB) and Nordic Investment Bank (NIB).

### Bilateral Development Finance Institutions from EU Member States:

Agence Française de Développement (AFD), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), KfW Entwicklungsbank (KfW), Oesterreichische Entwicklungsbank AG (OeEB), Cassa depositi e prestiti (CDP) and Sociedade para o Financiamento do Desenvolvimento (SOFID).

## REGIONAL FINANCE INSTITUTIONS

### Regional Development Banks:

Central American Bank for Economic Integration (CABEI), CAF - Development Bank of Latin America (CAF) and Inter-American Development Bank (IDB).



# LAIF

## AT A GLANCE

AS OF 31/12/2016

LAIF resources allocated to the 38 contributions approved

€ **305**  
million

Loans by FIs to approved projects

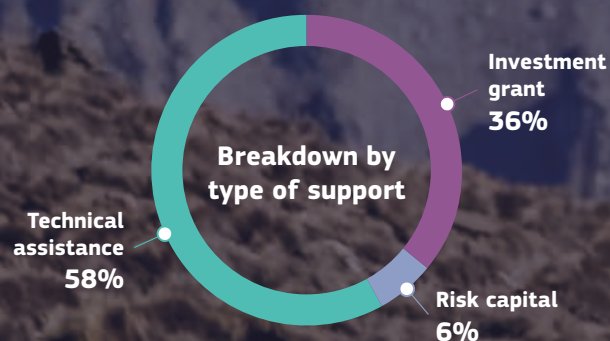
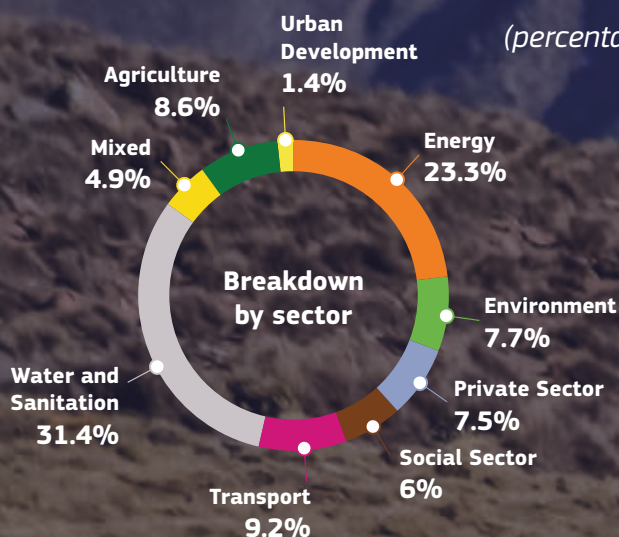
€ **6.15**  
billion

Amount leveraged by LAIF support

€ **8**  
billion

### LAIF portfolio 2009-2016

(percentage of total LAIF funding)



### Total programme budget (2009-2016)

€ **323** million

LAIF funds from EU budget for Latin America region

€ **255**  
million

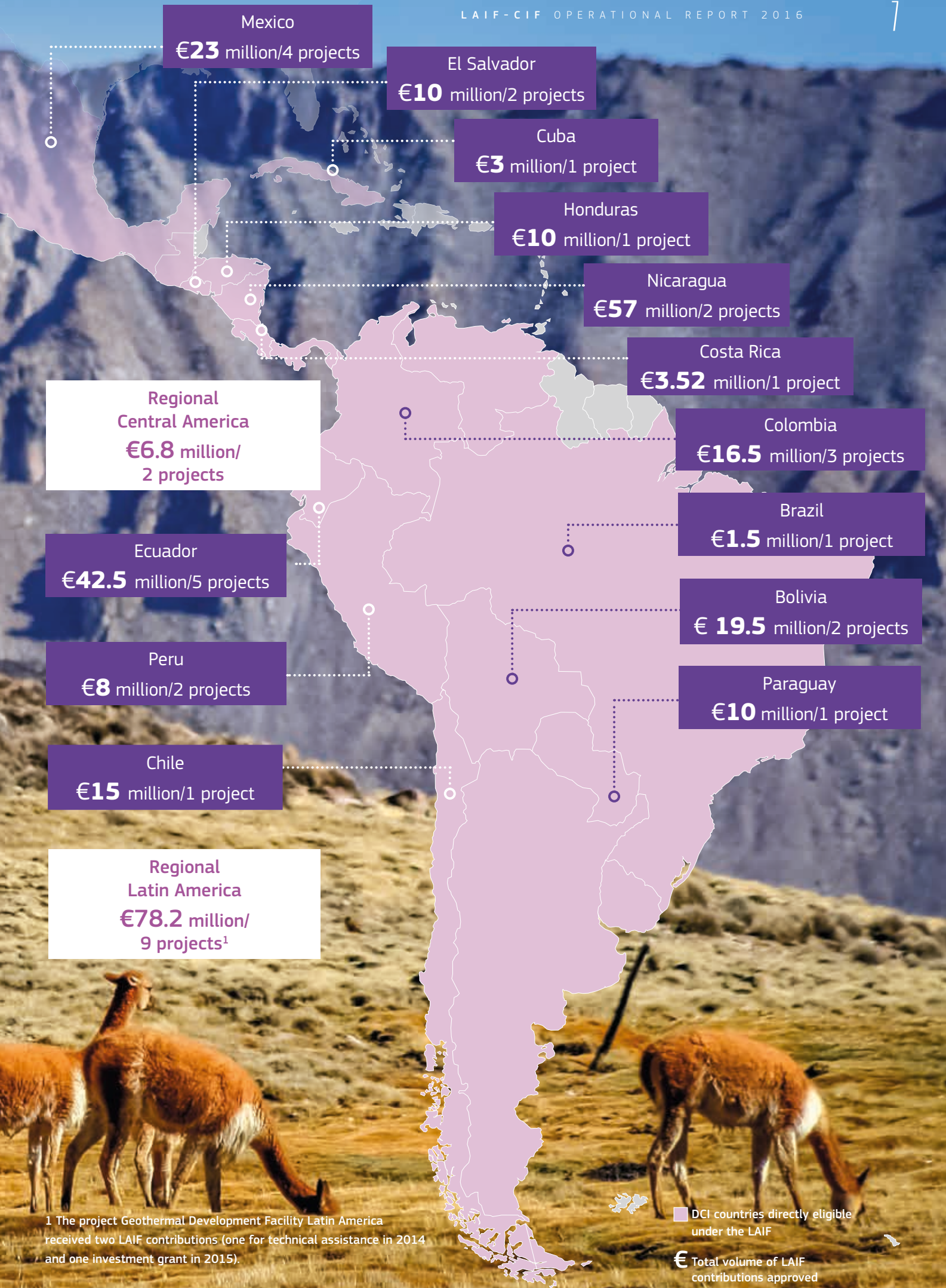
LAIF funds from EU budget earmarked for Nicaragua

€ **50**  
million

LAIF funds from EU budget earmarked for Climate Change Window

€ **17.3**  
million





<sup>1</sup> The project Geothermal Development Facility Latin America received two LAIF contributions (one for technical assistance in 2014 and one investment grant in 2015).

■ DCI countries directly eligible under the LAIF

€ Total volume of LAIF contributions approved

# L A I F / HIGHLIGHTS 2016

## In 2016

Ten LAIF contributions were approved for a total value of almost €72.6 million.

LAIF support leveraged over €1.1 billion in investment (an average leverage ratio of over 1:15).

The total EU budget allocated to LAIF is around €53 million.

Ecuador is firmly placed on the LAIF map, with five projects receiving a combined contribution of over €42.5 million.

The first LAIF operation in Cuba was approved.

## Of the ten contributions approved in 2016

Nine of the ten contributions can be reported as climate action according to the Rio Convention on Climate Change.

Agriculture is the most targeted sector, with four projects receiving a combined LAIF contribution of €26.2 million.

Five projects combine an investment grant with technical assistance, four consist of technical assistance alone, and one consists of only an investment grant component.

The Cuba Projects Preparation Facility will provide expertise in the energy, transport, water and other sectors, bringing investment projects into compliance with international standards.

The five projects approved in Ecuador will make a significant contribution to the country's recovery from the earthquake in 2016.

The Oruro project in Bolivia will help the country achieve a low-carbon energy future.



# LAIF /

## Supporting EU policy initiatives in Latin America

The EU is an important economic and political partner for Latin America, with long-standing historical and cultural ties to the region. It is the region's leading development cooperation partner and foreign investor and its second largest trade partner. But despite the impressive economic progress that has been made in the region, considerable challenges remain. These challenges are the focus of EU policy. In terms of development cooperation, the EU's overarching aim is to contribute to the eradication of poverty and to promote sustainable and socially-inclusive economic development, including by achieving the post-2015 Sustainable Development Goals.

Social inequality remains a significant problem in Latin America, as the benefits of economic growth in recent years have not been equally spread throughout society. Consequently, sustainable and equitable growth is a key focus of EU policy in the region, along with efforts to ensure higher levels of social cohesion. The DCI's Regional Programme for Latin America highlights a number of structural weaknesses that may impede inclusive economic growth, and which should therefore be a focus of development policy. These include a lack of diversification, bottlenecks in systems for skills and training,

the need for more sustainable use of natural resources, and a lack of competitiveness, which is hampering the performance of SMEs. The region is also highly vulnerable to climate change due to its geography, distribution of population and infrastructure, and to its reliance on fragile natural resources.

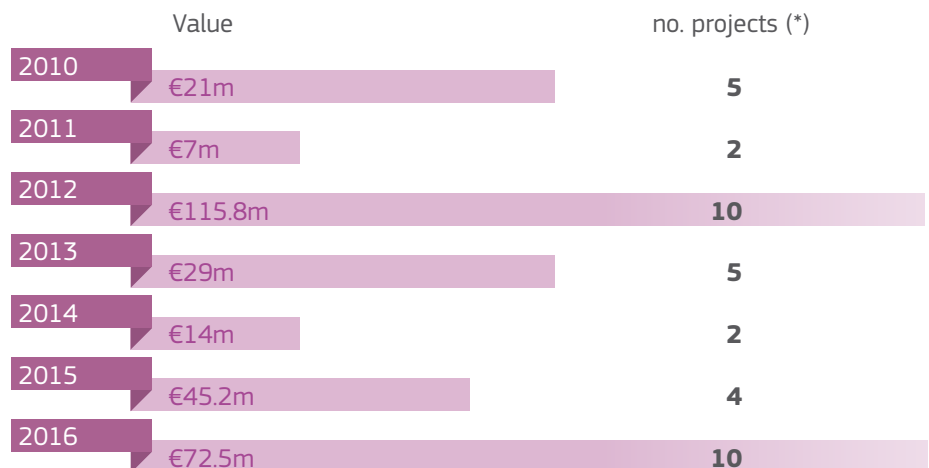
In the seven years since its launch at the 6<sup>th</sup> EU-Latin American and Caribbean (EU-LAC) Summit in 2010, LAIF has consistently addressed these and other issues that lie at the core of the EU's policy drive. By acting as a catalyst to leverage funding from European Development Finance Institutions and Latin American Regional Development Banks, LAIF has helped to implement major infrastructure projects that have worked towards these policy goals, made a significant contribution to regional integration and improved the quality of life of local communities.

Last year was no exception. In 2016, ten LAIF contributions were approved for a combined total of €72.57 million, in support of projects with a total investment cost of over €1.1 billion in agriculture, energy, water and sanitation and the social sectors. Some of these projects directly address the policy goals highlighted in the DCI's Regional Programme – the Technical and Technological Institutes Programme in Ecuador will increase the labour market relevance of the technical and technological sector of higher education in Ecuador, increasing the skilled labour offer for industry. Other projects (such as the Oruro photovoltaic power plant in Bolivia and the project in support of Sustainable Forest Production in Ecuador) will make a significant contribution to the sustainability of natural resource use in the target countries. Many of the projects have components that aim to create commercial opportunities for women and young people, which is also a key objective of EU policy in the region.

Efforts to adapt to and mitigate the effects of climate change, a major EU policy priority, were a primary or significant component of nine of the 10 projects to receive LAIF funding in 2016. Three of these nine projects were reported as Rio Marker 2, which means that their contribution to the climate change mitigation and/or adaptation objectives of the Rio Convention on Climate Change represents their principal objective.

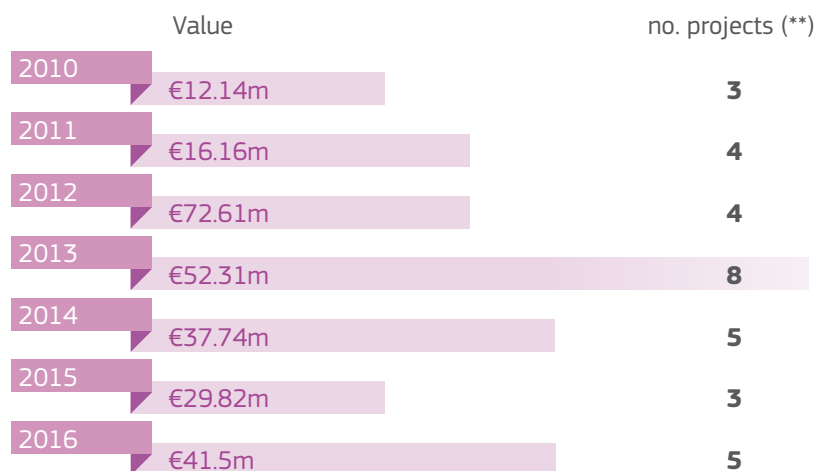
The proposal for a new European Consensus on Development calls for the EU to improve its development cooperation by doing more and doing it better. Close cooperation with Latin American Regional Development Banks is key to successful development outcomes in the region and LAIF is a major link between these banks and the European Development Finance Institutions. By continuing to improve donor coordination, harmonise procedures and avoid duplication of efforts by development partners, LAIF will be a key instrument to deliver the new consensus.

## LAIF contributions approved



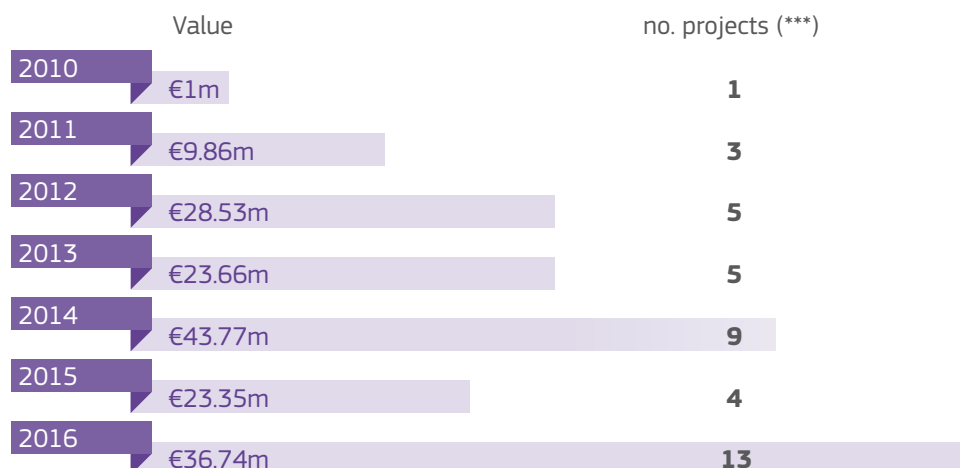
\* This is the number of approvals during the year, net of cancellations.  
In some cases the LAIF project contribution was split into separate tranches approved in different years.

## LAIF contributions signed



\*\* These are projects for which an agreement was signed during the year, net of cancellations.  
In some cases more than one agreement was signed for the same project.

## LAIF payments



\*\*\* These are projects where a disbursement took place during the year.

L A I F /

# Operations in 2016

## 1. OVERVIEW

Ten LAIF contributions were approved in 2016, with a total blending value of almost €72.6 million, in support to projects with a total investment cost of over €1.1 billion.

All of the projects approved in 2016 were country-specific rather than regional. Ecuador received LAIF funding for the first time, but it is already well represented on the LAIF map, with five projects approved in 2016 for a total contribution of €42.6 million towards projects with a combined investment value of €675.3 million. The remaining five projects were spread throughout the region, with one each in Peru (LAIF contribution of €5 million), Costa Rica (€3.5 million), Bolivia (€11.5 million), and Colombia (€7 million). The first LAIF project in Cuba was also approved in 2016, with €3 million in support to investment projects that are likely to be financed by international financial institutions in the country.

As regards sectoral distribution, the agriculture sector accounted for the lion's share of projects approved in 2016. Four of the 10 projects approved last year are related to agriculture or agro-forestry, accounting for a LAIF contribution of €26.2 million towards projects with a total value of €676 million. This means that every euro invested by LAIF in the agriculture sector will leverage almost €26. Two of these agriculture projects were in Ecuador - a project to support sustainable forest production and a project to modernize irrigation systems at small and medium-sized farms, and the remaining two were in Colombia and Peru.

Two projects approved in 2016 were multi-sector - the Cuba Projects Preparation Facility mentioned

above, and a project aimed at supporting reconstruction in Ecuador following the earthquake in 2016. The water and sanitation sector also accounted for two projects - one in Ecuador and one in Costa Rica, while the remaining two projects were a social sector project involving the construction and equipping of post-secondary technical and technological institutes in Ecuador, and an energy sector project to build a solar plant in Bolivia.

Nine of the 10 projects approved in 2016 can be reported as climate action support according to the Rio Convention on Climate Change. Of this nine, three have climate change mitigation and/or adaptation as their principal objective, while for the remaining six, climate change mitigation and/or adaptation constitutes a significant objective.

Concerning the type of support provided by LAIF in 2016, investment grants accounted for €33.6 million (46%) and technical assistance accounted for almost €39 million (54%). Five projects combine technical assistance with an investment grant, four projects consist of technical assistance alone, and one project - the Technical and Technological Institutes Programme in Ecuador - consists of only an investment grant.

The financial leverage of the LAIF contributions in 2016 is high, with €72.6 million leveraging around €1.1 billion, which implies that every euro provided by LAIF leveraged over €15 in investment. The leverage ratio for individual projects ranges from almost 7:1 for the project to support sustainable forest production in Ecuador, to 27:1 for a project to support the implementation of climate-smart rural policies in Colombia.

## 2. PROJECTS



### WATER AND SANITATION

#### Improved Sanitation for People and the Environment in Costa Rica

#### COSTA RICA

**Total budget:** €121.32 million

**LAIF contribution:** €3.52 million

**Lead finance institution:** KfW

**Type of LAIF support:** Technical Assistance

The overarching aim of this project is to improve environmental conditions in Costa Rica and to create positive impacts on public health. In order to achieve this, it will finance priority wastewater infrastructure projects in selected cities in the country, which will reduce the pollution of water resources, with associated benefits in terms of reduced water-related health risks.

The project will support the Sanitation Programme in Prioritised Areas, which is being implemented by the Costa Rican Institute for Water and Sanitation. This initiative is targeted at meeting the needs of the growing demand for wastewater infrastructure in Costa Rica, for which the Costa Rican government has identified investment needs of USD 6.2 billion until the year 2045 in the recently launched National Sanitation Policy. The target cities have been selected based on their environmental and social relevance, the availability of sites for wastewater treatment plants and other infrastructure, the priority to take rapid action in

the sanitation sector, as well as the availability of pre-investment studies. The LAIF contribution will be a key factor in ensuring the availability of the latter.

The project's objectives are aligned with EU policies on the provision of access to safe and sufficient water and sanitation services, and with the LAIF objectives of social service provision and environmental protection. The EU contribution is targeted at facilitating and improving investments in wastewater systems such as sewage systems and wastewater treatment plants, which will help to expand social services infrastructure and promote equitable socio-economic development in Costa Rica.

Environmental benefits will be a key impact of the programme. With a shift from septic tanks and latrines to a centralised sewage system, the groundwater will be protected from contamination due to inappropriate disposal of the produced sewage sludge. Reduced water contamination will help to preserve the country's fragile ecosystems and flora and fauna, which are a key asset for Costa Rica's ecotourism - an important element of its economy. The impact on human health will also be significant, with an expected reduction in the occurrence of water-related diseases and infections.

The technical assistance provided by the LAIF contribution will help to reduce the information and know-how gap that is currently hampering project implementation due to the absence of studies or the incomplete information therein. It will also support decision-making regarding the investments required. The feasibility studies financed by this assistance will also play a key role in obtaining approval from the relevant national authorities, which is required for the implementation of the planned works. Furthermore, the timely elaboration of the final designs for the investments will accelerate the implementation of the works.

## AGRICULTURE



### Combating Climate Change in Agriculture: Supporting Agrobanco's Strategy for Mitigation and Adaptation to Climate Change in Rural Areas of Peru

#### PERU

**Total budget:** €70.15 million

**LAIF contribution:** €5 million

**Lead finance institution:**

Agence Française de Développement (AFD)

**Type of LAIF support:**

Technical Assistance - €2.5 million

Investment Grant - €2.5 million

Agrobanco is Peru's main agricultural development bank and is a key element of the government's policy to support the agricultural sector in the country. AFD is making a €50 million credit facility available to the bank to support small-holder investments in sustainable agriculture. The facility aims at improving farming techniques and increasing the use of sustainable technologies, thereby helping farmers adapt to and mitigate the effects of climate change.

The bank aims to promote modern, profitable and sustainable practices in the agricultural sector, to benefit farmers and help combat climate change. Towards this goal, it will provide final beneficiaries with the financial resources needed to pilot and scale-up investments targeted at sustainability and climate change adaptation and mitigation measures. With its support, LAIF aims to ensure that the bank makes the best possible use of the credit facility. It will do this by supporting Agrobanco as it develops a sustainable portfolio and improves its environmental performance in line with its "Green Bank Strategy".

Through its support to Agrobanco, the project aims at achieving a better adaptation of agriculture and rural activities to the challenges of climate change, through the promotion of green investments and the structuring of sustainable green products. The project will focus on forestry, rational use of water and energy, renewable energy, and sustainable agricultural practices, such as shade-grown coffee and cocoa, sustainable forestry, bio-digesters, agroforestry, the efficient use of energy, and so on.





The LAIF EU grant will finance a technical assistance programme that will consist of four components. First of all, it will build Agrobanco's impact monitoring and environmental and social management capacity, helping it become a green bank. Secondly, it will provide all the knowledge required by Agrobanco stakeholders to develop a green portfolio. Thirdly, it will produce market studies to structure the development of green products and to plan marketing and communications actions. The final technical assistance component deals with monitoring, reporting and verification.

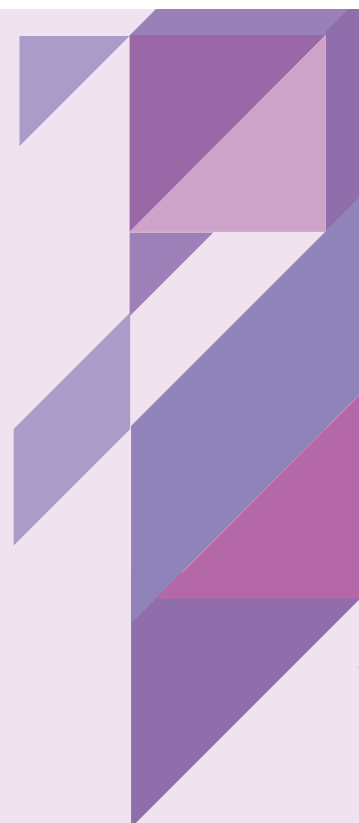
Funds provided under the investment grant component of the LAIF support will be used to make incentive payments to reward the most innovative sub-borrowers and to scale-up these projects in Agrobanco's portfolio. The investment grant component will be essential to maintain the attractiveness of Agrobanco and to ensure that it achieves a high standard in terms of project impacts and outputs.

## The Broader Context

More than one third of the Peruvian population lives in rural areas and 50% of the country's revenues come from agriculture. Consequently, the agriculture sector is central to socio-economic development in the country and employs 28% of the active population.

However, agriculture is very vulnerable to climate change (drought, floods, the El Niño and La Niña phenomena, and so on), which is having an impact on local agricultural output, forcing the country to rely on imported goods. Peru fulfils seven of the nine criteria of the UNFCCC on climate change vulnerability. The vulnerability of the agricultural sector is related to the low use of agricultural irrigation, the often poorly diversified production, poor access to finance and insurance, and a lack of seeds that are resistant to climatic stress. All of this is exacerbated by a high level of poverty in rural areas and strong dependence on weather events.

The Andes region is especially vulnerable, due to the high poverty rate in the region. This is causing significant migration of populations from the Andes to Amazonian frontier cities. This, in turn, is a major contributor to deforestation in the region.







## MULTI-SECTOR

### Cuba Projects Preparation Facility

#### CUBA

**Total budget:** €3 million

**LAIF contribution:** €3 million

**Lead finance institution:**

Agence Française de Développement (AFD)

**Type of LAIF support:** Technical Assistance

The aim of the Cuba Projects Preparation Facility is to support investment projects that are likely to be financed by international financial institutions in Cuba. It does this by financing feasibility or pre-feasibility studies for the projects, and by providing specific sectoral expertise in the energy, transport, water and other sectors. In this way, the Facility helps bring these investment projects into compliance with international environmental, social, gender or climate standards. In addition to pre-feasibility and feasibility studies, the Facility may also support training, technical expertise, study tours and peer to peer exchanges for project managers.

The supported projects correspond to the priorities of the Cuban Government, in particular in the energy, water and sanitation, urban rehabilitation, agriculture and transportation sectors. The Facility will finance the various stages leading to the design of comprehensive investment projects and AFD expects to finance up to 20 studies or actions over a period of three to four years.



Specifically, the project aims to help identify, prioritise and prepare bankable projects in Cuba, within the framework defined by the Cuban Government. In so doing, it will contribute to public wellbeing, improve economic productivity, reduce the country's import bill, and lead to growth in foreign revenue.

The Facility also aims to support the Cuban authorities and project managers in adapting to international best practices and implementing a modern approach to development projects that takes into account the economic, social and environmental impacts of the planned investments. All projects should make a positive contribution to the country's adaptation to climate change or to the reduction of greenhouse gas emissions.

The Facility will provide much-needed financial resources for the preparation of investment projects in Cuba. Cuba has its own internal technical expertise but nevertheless also needs international support, access to which has been limited for decades. Furthermore, it lacks the foreign currency required to finance this expertise, and this is where the LAIF contribution will play a key role.

To ensure that the social aspect is given due consideration, all feasibility and pre-feasibility studies will include an assessment of social needs and of the expected social impacts of the proposed projects.

## The Broader Context

Cuba has been under a US embargo for more than 50 years. What's more, in the early 1990s, it lost most of the support it used to receive from the Soviet Union. Since then, capital expenditure on all kinds of infrastructure, from housing, transportation and energy, to water and sanitation and the productive sectors, has been minimal. As a result, productivity has fallen to very low levels. Since the recent fall in oil and other raw material prices, and due to difficulties encountered by the country's remaining sponsors (notably Venezuela and Brazil), Cuba has experienced falling export revenues and a shortage of hard currency, despite growth in revenue from tourism.

Furthermore, Cuba is already suffering from the consequences of climate change such as drought, which is putting increased pressure on the country's water supply system. Living conditions in the country are deteriorating. In this context, the rehabilitation and modernisation of infrastructure and production in all sectors is urgently needed.

Since the reopening of Cuba to Western countries, and the settlement of its debt to Paris Club members in December 2015, the country has recovered access to external financing from European countries.

## WATER AND SANITATION



### Financing the National Investment Programme in Water, Sanitation, and Solid Waste

#### ECUADOR

**Total budget:** €151.17 million

**LAIF contribution:** €10 million

**Lead finance institution:**

Agence Française de Développement (AFD)

**Type of LAIF support:** Technical Assistance



This project aims to expand and improve access to basic water, sanitation and waste disposal services in Ecuador while strengthening the capacity of water and waste service providers. In total, 12 municipalities in eight different regions of Ecuador will be targeted, ranging in size from 40 000 to 360 000 inhabitants, within the framework of the National Macro Programme for Environmental Sanitation (PROSANEAMIENTO). As a result, 400 000 people will receive access to an upgraded drinking water service; 140 000 people will benefit from an improved sanitation system, and 300 000 people will receive access to adequate disposal of solid waste.



The project consists of three main components. The first deals with the infrastructure work needed to expand the coverage and improve the quality of drinking water supply and wastewater and solid waste disposal in the 12 targeted municipalities, with a combined population of 2 million people. Under the second component, a set

of pre-investment studies for water, sanitation and solid waste projects will be completed in order to create a sustained flow of high-quality projects that will generate a future investment package estimated at €62 million.

The third component, which is the main focus of the LAIF support, deals with capacity building to improve the sustainability of the 12 beneficiary municipalities and their public utilities. The LAIF technical assistance will be structured under four main fields of activity: administrative, financial, commercial and operational.

Administrative support will ensure that the service providers are properly organised and have the required capacity to deal with the number of users and to ensure the sustainability of services provided. Financial support will help public utilities to develop a financial model and define and implement monitoring, recording and financial management processes related to budgeting, accounting, billing, and collection. The third component of the technical assistance – commercial – will help the beneficiaries to structure their services in such a way as to improve the efficiency and quality of delivery to end users. Finally, operational support will cover the actions, activities and processes required to streamline operational processes at public utilities and make them as efficient and effective as possible.

The proposed technical assistance programme will follow a dynamic, sustained and systemic approach, aimed at significantly strengthening local capacities through the development of knowledge, technical tools and management methodologies, ultimately resulting in a significantly improved water and waste service provision to end users across the country.



## AGRICULTURE

### Modernised Irrigation Project for Small and Medium Farmers

#### ECUADOR

**Total budget:** €126.53 million

**LAIF contribution:** €8 million

**Lead finance institution:**

Spanish Agency for International Development Cooperation (AECID)

**Co-financiers:**

World Bank (WB), Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP) and beneficiaries

**Type of LAIF support:**

Technical Assistance - €2.64 million  
Investment Grant - €5.36 million

This project will help approximately 14 000 small and medium-sized farmers gain access to modern irrigation systems, allowing them to improve water management and increase agricultural production. The project will focus on the country's coastal territories and mountain region, with investments in irrigation systems, production techniques, institutional strengthening, training, and the promotion of innovation and agricultural best practices.

The main goal of the project is to improve the incomes of small and medium-sized farmers. It will do this by providing more efficient irrigation and enabling more sustainable agricultural production adapted to climate change. In so doing, the project should help to reduce extreme poverty

and increase shared prosperity by augmenting agricultural revenue and strengthening the resilience of Ecuador's family farming sector, promoting diversification and higher agricultural production, and improving access to markets for smallholders and their organisations.

The project's three core components cover investments in irrigation systems and production techniques; training and technical assistance to handle these systems and techniques; and research, development and innovation to improve agro-productive systems, using agricultural and post-harvest practices that are beneficial for the environment and adapted to climate change.

The LAIF contribution will promote investments that increase and diversify production, support the processing of products, and provide improved access to markets. As a result of this support, the return on investment will be significantly higher than for investments in irrigation systems alone. For example, the LAIF contribution will consider investments in machinery and equipment for the production, conservation and storage of agricultural products, for transport, and for small agro-industrial businesses to process agricultural products.

The LAIF contribution will provide added value in terms of innovation to improve agro-production systems by investing in productive aspects as well as processing and commercialisation. It will also be used to invest in the preparation of land plots for trials to improve cultivation practices, including appropriate management of erosion and soil fertility. Furthermore, it will stimulate the use of bio-fertilisers and bio-pesticides. The use of seeds and ancestral varieties will also be promoted, as well as the creation of laboratories equipped for the recovery, conservation and improvement of seeds.



## ENERGY

### Oruro 50 MW Photovoltaic Grid Connected Power Plant Project

#### BOLIVIA

**Total budget:** €89 million

**LAIF contribution:** €11.5 million

**Lead finance institution:**

Agence Française de Développement (AFD)

**Type of LAIF support:**

Technical Assistance - €3 million

Investment Grant - €8.5 million



The LAIF contribution, which is seen by local partners as major factor in ensuring the project's viability and sustainability, consists of an investment grant to support the implementation phase of the project. The grant will contribute to the financing of power plant construction and other investment costs. Meanwhile, support provided as part of the technical assistance to promote renewable energy will be particularly important for the sustainability of Bolivia's renewable energy strategy.

The Oruro project involves the construction of a 50 MW photovoltaic (PV) power plant in the Altiplano region, in the highlands of western Bolivia, and its connection to the Bolivian national grid. The favourable sun radiation conditions in this area mean that it is ideally suited for solar power generation. The plant will be connected to the grid through an existing 115 kV transmission line and the electricity will be sold on the Bolivian electricity wholesale market.

The overall objective of the project is to support Bolivia's efforts in pursuing a low-carbon development path that enables both economic growth and climate change mitigation. More specifically, the project aims to secure Bolivia's electricity supply through the diversification of its energy mix and the development of renewable energy. To help achieve these goals, the project will increase Bolivia's solar generation capacity, by adding 50 MW to the country's total installed capacity and boosting electricity generation by approximately 100 GWh/year.

As regards diversification, the project will support's Bolivia's national strategy to develop renewable energy, which is expected to represent 70% of installed capacity by 2025. This, in turn, will make a significant contribution to climate change mitigation in the country. The project will lead to greenhouse gas emissions reductions estimated at 50 000 t/CO<sub>2</sub> equivalent per year.

Overall, the project will help reinforce Bolivia's national capacity for the development of renewable energy. This will be the first large-scale PV project connected to the national grid in Bolivia and will set an example for future projects. The capacity building component will support the sector in achieving its target of installing 250 MW of variable renewable energy sources (wind and solar) by 2025. The project will also support the development of an enabling legal, regulatory and institutional framework for the development of renewable energies in Bolivia.

## The Broader Context

With significant natural gas resources, the Bolivian energy sector is very important for the country's economy. Bolivia currently ranks as the 35th largest natural gas producer in the world and holds the second biggest natural gas reserve in Latin America.

Given the strategic importance of natural gas, Bolivia's renewable energy sources have not received the attention they deserve. Market conditions and past national policies have not favored the emergence of renewable energy projects. High investment costs for renewable technologies compared with gas and diesel powered generation, and implicit subsidies to gas-powered generation which have distorted the market, have been the main barriers to the deployment of renewable energy.

However, Bolivia's potential for renewable energy is significant and the government has started to develop a number of projects, in particular in solar PV, wind generation, geothermal, biomass and hydro.

Because of its geographic location close to the Equator, Bolivia has an enormous solar energy potential, with high solar irradiation through most of its territory. In particular, the area of the Bolivian Plateau in the west of the country has among the highest average annual irradiation in the world.



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## MULTI-SECTOR

### Post-Earthquake Reconstruction Framework Loan

#### ECUADOR

**Total budget:** €163 million

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**LAIF contribution:** €7 million

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**Lead finance institution:**  
European Investment Bank (EIB)

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**Type of LAIF support:**  
Technical Assistance

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This project aims to help mitigate the consequences of the earthquake of 16 April 2016 that ravaged large areas of western Ecuador by financing the reconstruction of damaged infrastructure. The loan will focus on the province of Manabí and particularly on the sub-region of Portoviejo, which is one of the areas most affected by the earthquake.

The project aims to restore and, where possible, to improve the living conditions of the population in Manabí Province. The sustainable restoration and upgrading of economic and social infrastructure damaged by the earthquake will have a positive impact on aggregate demand in the area, and also lead to an increase in the overall productivity of the regional economy in the medium term.

The LAIF contribution consists of technical assistance, to be focused in four main areas. First, support will be provided to the government to ensure the effective and transparent implementation of the project. Second, the final beneficiaries, in particular local authorities, will also receive this type of support. Third, the LAIF contribution will cover the development and implementation of an Environmental and Social Management Plan (ESMP) and a Stakeholders Engagement Plan (SEP), to strengthen stakeholders' participation. Finally, technical assistance will be provided to strengthen the Ecuador Construction Code (2015) and its implementation.

Actions undertaken as part of the project will re-establish livelihoods and community cohesion in Manabí Province through the restoration or new construction of social and basic infrastructure, such as roads, utilities services, and social and administrative facilities. The main outcome of the assistance provided will be the successful, comprehensive reconstruction of the earthquake affected areas, conducted under strong governance and to high environmental and social standards.

The Framework Loan project is consistent with the strategic objectives of LAIF. The reconstruction will involve small infrastructure projects, will most likely also include projects in the water and sanitation sectors, and will contribute to the re-establishment of sustainable and inclusive growth through support to the social sectors and municipal development. The project complements other initiatives undertaken by development partners as a response to the earthquake, which focus on the emergency phase and also on financing the construction of new housing and repairs to damaged households.



## The Broader Context

A 7.8 point earthquake struck Ecuador in April 2016. The epicentre was approximately 27 km from the towns of Muisne and Pedernales in a sparsely populated part of the country, and 170 km from the capital Quito. Widespread damage was caused across Manabí Province, with buildings and infrastructure collapsing hundreds of kilometres from the epicentre.

The Government has recognised more than 230 000 persons as having been 'affected'. This is defined as someone who has suffered the loss of a family member who contributed to the family's livelihood, or those with houses that were partially or totally damaged by the earthquake.

In the aftermath of the earthquake; 4 667 schools were affected, impacting 464 000 students, of which 120 000 temporarily lost access to safe school infrastructure. Furthermore, access to health services was restricted for 1.2 million people.

Many companies had to close or temporarily lay off workers. The tourism industry is expected to suffer, as are several other productive sectors such as commerce, fishery, agriculture and cattle farming. The Ecuadorian Government's Post Disaster Needs Assessment (PDNA) estimates that around 22 000 formal and informal jobs have been lost in the province of Manabi (including Portoviejo). The EIB appraisal team undertook a more detailed evaluation of these indicators and considers this to be a conservative estimate.



## AGRO-FORESTRY

### Supporting Sustainable Forest Production in Ecuador

#### ECUADOR

**Total budget:** €43.2 million

**LAIF contribution:** €6.2 million

**Lead finance institution:**

Agence Française de Développement (AFD)

**Type of LAIF support:**

Investment Grant - €3.9 million

Technical Assistance - €2.3 million

This project aims to support Ecuador in implementing an integrated national forest policy by reinforcing forest governance and supporting commercial reforestation in the country. At the regional level, the project will exploit synergies between the conservation, restoration and productive components of the national forest policy. A strong focus will be put on commercial plantations and enhancing the economic, social and environmental aspects of the government's policy.

The project's three main components will support forest production, underpin forest conservation and restoration, and ensure that forest policy is consistent. In so doing, the project will benefit forestry sector stakeholders in general, and especially small and medium-sized producers of

timber. The project will target specific goals, such as up-scaling the commercial reforestation programme, while optimising the social, environmental and economic impact of forest production.

One of the main objectives of the LAIF contribution is to build conditions that guarantee the project's sustainability, aiming at zero deforestation, with major environmental benefits in areas such as biodiversity, climate change, soil erosion, water regulation, and air quality. The EU contribution will significantly improve the social impacts of the reforestation programme, as the project includes instruments to allow broader access to public forest specialised credits and to provide permanent technical assistance to small producers. Trade development is also a significant objective of the project although, given the long-term nature of forest plantation, the results of this will only be visible after at least a decade.

Another result will be the improved sharing of information between forest programmes and the forest industry, thereby generating productivity gains and allowing the forestry sector to contribute to the diversification of the economy in Ecuador. Support will be provided to small and collective producers, to facilitate their access to timber markets, including by improving possibilities to demonstrate the legality of timber.





A key aim of the project will be to reinforce forest governance. Ecuador already has a solid legal framework on forest issues, and the project proposes to support this by facilitating participation and transparency in the forestry sector. This will be done by formalising an advisory committee with the participation of all forestry sector stakeholders; setting up a monitoring and evaluation system; and establishing mechanisms for claims. Special attention will also be paid to gender issues, as forest plantations frequently hire a lot of women for work on the production of seedlings and during the plantation phase.



## The Broader Context

This programme is part of a more comprehensive national forest strategy that aims to protect and valorise native and planted forests, stop deforestation, and improve civil society participation in the forestry sector.

In a national territory of 24 660 000 ha, forests accounted for 12 900 000 ha in 2014 (about 51.7%), including natural and planted forests. Plantations cover a little over 130 000 ha.

Drivers of deforestation in Ecuador are difficult to characterise with precision but are roughly similar to what can be observed throughout the Andean and Amazonian region: colonisation and expansion of agriculture, illegal logging, monocultures, weak land legalisation programmes, and few job opportunities in the rural sector.

Nevertheless, the trend is positive thanks to an increasing concentration of inhabitants in cities and decreasing rates of population growth. Other positive factors include the intensification of rural productive systems; better transport access to rural areas and stronger land tenure rules in forested areas. Consequently, the forestry sector's contribution to the national economy is growing.



## AGRICULTURE

### Supporting the implementation of a Climate-smart Rural Landscape

#### COLOMBIA

**Total budget:** €187 million

**LAIF contribution:** €7 million

**Lead finance institution:**

Agence Française de Développement (AFD)

**Type of LAIF support:**

Technical Assistance - €5 million

Investment Grant - €2 million



This project aims to support the implementation of national climate change policies in Colombia. More specifically, over a four-year period, it will target the rural sector with actions aimed at improving adaptation and mitigation to climate change in the country's Meta and Vichada regions.

Key project goals include improved land use management, territorial investment planning and impact assessment; and support for sustainable rural climate-smart pilot activities. In this way, the project will assist the Colombian government in conducting a policy shift to a more social and greener economy. It is expected that the project will result in improved revenues and livelihoods for local communities, notably in the Orinoquia basin, while reducing their vulnerability to climate change.

The specific objectives of the project are to support the government's "Green Growth" strategy for sustainable development. It also aims to strengthen the capacities of local authorities and stakeholders in Meta and Vichada to

plan investments that take climate change impacts and mitigation opportunities into account. Finally, the project aims to promote investment in "climate-smart" farming and forestry activities through prudent land use management. Support provided as part of the LAIF contribution will assist the government in making its public investments in the Orinoquia region more climate-friendly. This support will also help the government to define operating procedures to scale-up this approach nationally.

Concretely, the LAIF contribution will build the Colombian government's green investment capacity - from the strategic planning of green investments at the national level, down to land-use planning tools and practical application of climate-smart investments in the two targeted regions. LAIF support will consist of three sub-components, the first of which will support the government in drawing up its long-term Green Growth policy. Here, LAIF support will help assess public investment needs and formulate a development strategy by assisting high-level governmental officials in preparing all the necessary inputs for the next four-year National Development Plan.

The second element of LAIF support deals with territorial and investment planning. This will involve evaluating the impacts of climate change on the local economy in order to provide guidance on the most efficient and resilient development strategies. LAIF support will also strengthening the capacity of local authorities to follow their planning instruments.

Finally, the investment grant component of the LAIF contribution will support investment in climate-smart activities in agriculture and forestry and the implementation of agro-weather stations in Meta and Vichada.

## The Broader Context

The Colombian economy emits nearly 224 million tonnes of greenhouse gases annually, which represents 0.43 kg CO<sub>2</sub> equivalent for each dollar of GDP, compared to an average of 0.52 in Latin America and a global average of 0.73. Consequently, Colombia is characterised as a low-emission economy. Nevertheless, it is extremely vulnerable to the impacts of climate change. In 2012, Colombia was considered the third most vulnerable country in the world, mainly due its exposure to climate variability caused by the El Niño-Southern Oscillation (ENSO) phenomenon.

The country's population is mainly located in the Andean region, which is subject to water scarcity and soil instability, and the coastal areas, which are subject to sea level rise and increased flooding. According to a study into the Economic Impacts of Climate Change (EICC) produced by the National Planning Department (DNP), climate change could reduce Colombian GDP annually by 0.49% between 2011 and 2100. The study notes that the agriculture sector would be the hardest hit, with annual productivity losses of 7.4%.

In Colombia, no less than 58% of total national greenhouse gases (GHG) emissions are generated in rural areas. These areas are also extremely vulnerable to climate change impacts. Therefore, sustainable land management and sustainable practices in the agriculture and livestock sectors aiming at decreasing GHG emissions and increasing resilience is a key target of climate change mitigation and adaptation strategies in Colombia.



## SOCIAL

### Technical and Technological Institutes Programme

#### ECUADOR

**Total budget:** €191.4 million

**LAIF contribution:** €11.35 million

**Lead finance institution:** European Investment Bank (EIB)

**Co-financiers:** World Bank

**Type of LAIF support:** Investment Grant

This project concerns the construction, extension, rehabilitation and equipping of 21 post-secondary Technical and Technological Institutes (TTIs) in Ecuador. It is part of a national educational reform programme aimed at introducing and enlarging the system of vocational, technical and professional education in the country.

The educational reform programme is part of a national development strategy being implemented by the Ecuadorean government to transform economic, social and environmental conditions. The TTI sector is at the heart of this strategy, which aims to diversify the sources and drivers of economic development in the country and lessen its reliance on the export of hydrocarbons and agriproducts.

As part of this strategy, the government launched a Good Living (Buen Vivir) Plan in 2009–2013, which was updated in 2013–2017. This plan aims to promote the diversification of production and to improve the regional distribution of the country's wealth. The modernisation of education, training and other public services is one of the ways by which the government aims to achieve these goals.

An important component of the Good Living Plan is the reform of the higher education system. The idea is to expand the dual system of vocational education, based on formal instruction in classrooms combined with on-the-job training through apprenticeships with private companies. This will increase the labour market relevance of the technical and technological sector of higher education in Ecuador.

Financing the construction and upgrade of 21 TTI campuses will enable them to deliver state-of-the-art vocational, technical and professional training programmes. This will allow the country to consolidate and modernise the provision of vocational education and training and capitalise on its dual vocational training system.

Perhaps most importantly, the project will contribute to the government's post-earthquake disaster relief effort. Several of the TTIs are located in the coastal areas of Ecuador that were devastated by the 7.8 magnitude earthquake that struck in 2016. The LAIF grant will finance the construction of one new institute in the city of Portoviejo, one of the cities most affected by the earthquake. This investment will not only boost the local economy but, by providing the local young population with a technical education, it will better prepare them for the difficult period of reconstruction that lies ahead.

## Analysis of LAIF portfolio 2010-2016

In the seven years since it was launched in 2010, the Latin American Investment Facility has approved a total of 38 contributions for a combined LAIF grant of €304.6 million. This LAIF contribution has supported investment projects worth over €8 billion, with individual allocations ranging in size from €1.5 million to €50 million. LAIF contributions 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.

### Geographic breakdown

Twelve<sup>2</sup> of the 38 contributions support regional projects, receiving a total grant of €85 million (27.9% of the total LAIF contribution). Of these projects, 10 involved the whole region and two focused on Central America. The other 26 projects concern 13 individual countries. The country that has received the biggest allocation is Nicaragua with a total of €57 million (18.7%) for two projects, followed by Ecuador, with a total of €42.5 million (13.9%) for five projects. Mexico is in third place, with €23 million (7.5%) for four projects. Other countries that have benefitted from important contributions have been Bolivia (6.4%) and Colombia (5.4%) with two projects each, Chile (4.9%), El Salvador (3.3%), Honduras (3.3%), Paraguay (3.3%), Peru (2.6%), Costa Rica (1%), Cuba (1%), and Brazil (0.5%).

### Sector distribution

Two sectors - water and sanitation and energy - have received most LAIF support in the period 2010-2016. The eight water and sanitation projects supported in this period account for 32.5% of the total contribution, with a total grant of just over €99 million, while the eight LAIF contributions to energy projects amount to €71 million,

representing 23.3% of the total contribution. Five transport projects account for 9.2% of the total contribution (€28 million). Four agricultural projects, all of which were approved in 2016, account for 8.6% of total LAIF contributions (€26.2 million). Four environmental projects account for 6.6% (€20 million), three projects supporting the private sector account for 7.5% of the total contribution (€22.8 million), and two projects supporting the social sector account for 6% (€18.35 million). Three multisector projects account for 4.9% of the total LAIF contribution (€15 million), while one project targeting urban development (€4.2 million) accounts for 1.4% of the total LAIF contribution. Most of the LAIF projects approved in 2010-2016 include actions to adapt to or mitigate the effects of climate change as a principal or significant component.

### 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.

### Financial and qualitative leverage

The 38 LAIF contributions amounting to €305 million will leverage over €8 billion of total investments from other donors or national and international finance institutions. This represents a multiplier effect of almost 26:1. In other words, LAIF has leveraged over €26 for every euro of support that it has provided.

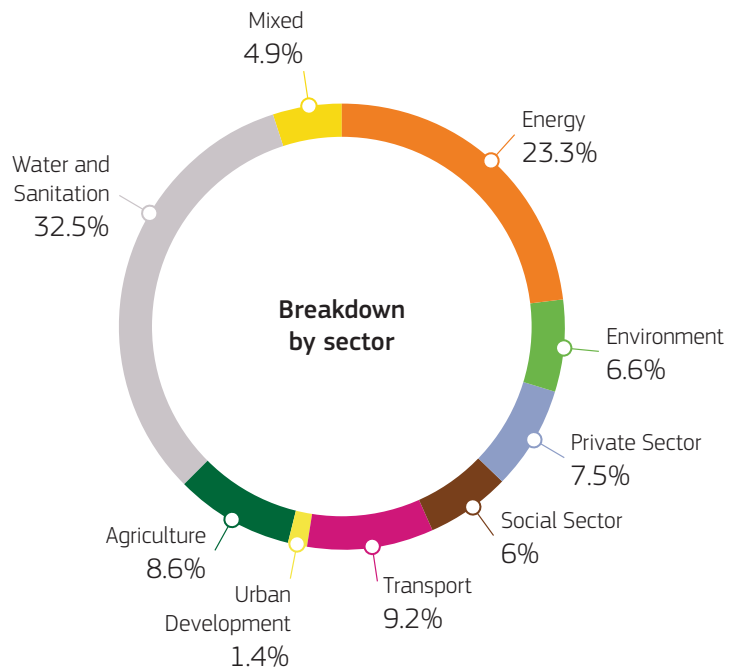
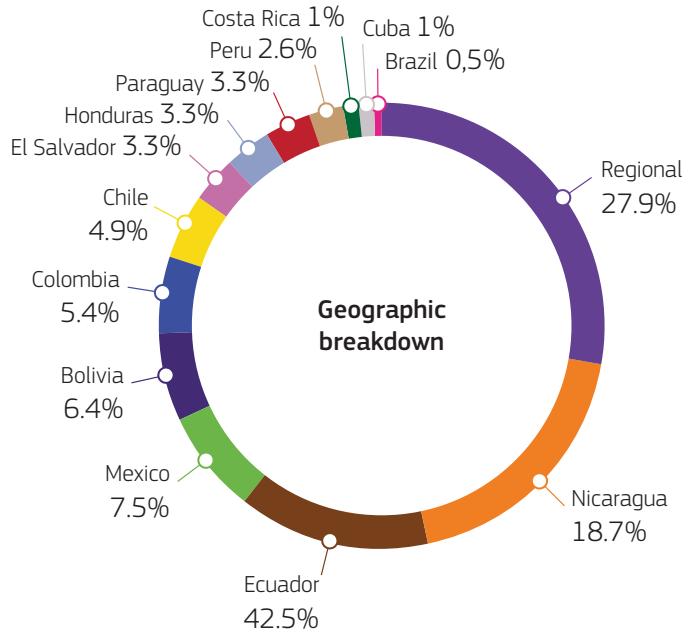
<sup>2</sup> The project Geothermal Development Facility Latin America received two LAIF contributions (one for technical assistance in 2014 and one investment grant in 2015).

### Types of LAIF support

LAIF provides support to beneficiary countries in 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 and 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 investment grants, which account for 58% of the total LAIF contribution. Technical assistance accounts for 36% and risk capital represents 6%. 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. Six projects received contributions solely in the form of an investment grant.

### Implementation

By the end of 2016, contracts had been signed for 33 of the 38 approved contributions, representing 85% of the total grant amounts approved. Procurement operations have begun for over 70% of the projects. Construction is underway in almost 29% of the projects where construction is involved.



# CIF

## The Caribbean Investment Facility

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Operating in the same way as the Latin America Investment Facility, the Caribbean Investment Facility supports investments in key infrastructure projects in the Caribbean region by acting as a catalyst to mobilise funding. The Facility's main purpose is to contribute to poverty reduction by supporting socially-inclusive economic development and growth and by promoting increased regional integration.



The Facility combines EU grants with other public and private sector resources to leverage the investment needed to fund capital-intensive infrastructure projects throughout the region. Engagement of the private sector in development processes is a key focus of the Facility, so many projects support investments in private sector development, with a focus on small and medium-sized enterprises (SMEs). Another significant cross-cutting objective shared by many CIF projects is the provision of support to partner countries' efforts to adapt to and mitigate the impacts of climate change, which is a major threat to the island states in the region.

The CIF works towards these overarching objectives by focusing on a number of key priorities. These include:

- Promoting interconnectivity by creating better transport and energy infrastructure;
- Improving access to Information and Communication Technology (ICT) infrastructures;
- Establishing better water and sanitation infrastructure;
- Promoting infrastructure linked to disaster prevention or mitigation; and
- Addressing the need for social 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. The total indicative allocation to the Caribbean region under the 11th EDF is €346 million for the period 2014-2020. Since its launch in March 2013, CIF has provided a total contribution of around €83.6 million to finance 11 projects in the Caribbean region with a total investment cost of over €963 million.

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. CIF support is pooled with funding from European, Regional and International Development Finance Institutions as well as beneficiary countries' own resources. In this way, the greatest possible social impact is achieved. The technical assistance provided under the CIF acts as a guarantee of sustainability for the projects, ensuring that their socio-economic benefits are longer lasting.

The final beneficiaries of CIF are 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.

## ELIGIBLE EUROPEAN FINANCE INSTITUTIONS

### Multilateral European Finance Institutions:

European Investment Bank (EIB) and Nordic Investment Bank (NIB).

### Bilateral Development Finance Institutions from EU Member States:

Agence Française de Développement (AFD), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), KfW Entwicklungsbank (KfW), Oesterreichische Entwicklungsbank AG (OeEB), Cassa di Risparmio di Padova e Rovigo (CDP) and Sociedade para o Financiamento do Desenvolvimento (SOFID).

## OTHER ELIGIBLE FINANCE INSTITUTIONS

### Regional Development Banks:

Inter-American Development Bank (IDB) and Caribbean Development Bank (CDB).

## REGIONAL CARIBBEAN FINANCE INSTITUTIONS

### Regional Development Banks:

Central American Bank for Economic Integration (CABEI) and CAF - Development Bank of Latin America (CAF).



# CIF /

## AT A GLANCE

AS OF 31/12/2016

CIF resources allocated to the 11 contributions approved

€**83.6**  
million

Loans by FIs to approved projects

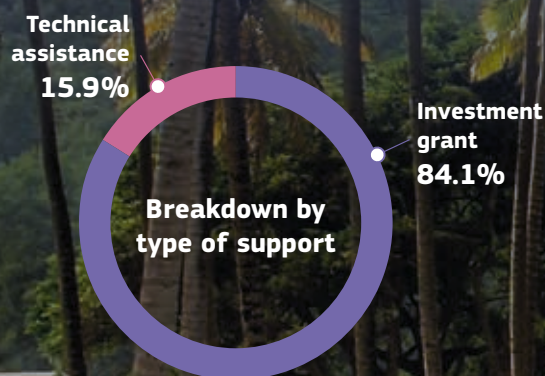
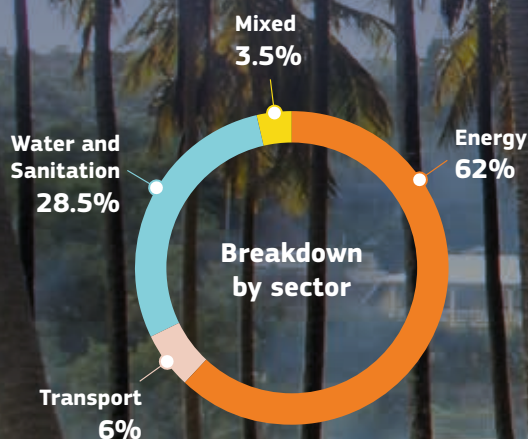
€**654**  
million

Amount leveraged by CIF support

€**963**  
million

### CIF portfolio 2010-2016

(percentage of total CIF funding)



Total programme budget (2012-2016):

€**100.2** million

CIF funds from EDF

€**70**  
million

CIF funds transferred from Guyana's National Indicative Programme

€**30.2**  
million





Belize  
**€5 million/1 project**

Dominican Republic  
**€19.33 million/2 projects**

Dominica  
**€2 million/1 project**

Regional  
**€19.25 million/  
3 projects**

Guyana  
**€30.05 million  
/2 projects**

Suriname  
**€8 million/2 projects**

Caribbean ACP countries

€ Total volume of CIF contributions approved

# CIF / HIGHLIGHTS 2016

## In 2016

Two CIF contributions were approved for a total value of €15 million.

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CIF support leveraged €428.4 million of investments (an average leverage ratio of almost 1:29).

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The EDF funds allocated to CIF for the period 2012-2016 were fully committed.

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Technical assistance accounted for 27% of CIF support in 2016, with 73% in the form of investment grants.

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By the end of 2016, five countries had benefitted directly from bilateral CIF projects. Others took part in regional and sub-regional projects.

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## Of the two contributions approved in 2016

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

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The Geothermal Risk Mitigation Programme will benefit five countries in the region: Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.

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With the approval of the Geothermal Risk Mitigation Programme, energy is now the most funded sector, accounting for 62% of CIF contributions.

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The approval of a project supporting a Sustainable Water Supply in Suriname means that three water and sanitation projects are now receiving CIF funding totalling €23.7 million (28.5% of total CIF contributions).

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# CIF /

## Supporting EU policy initiatives in the Caribbean

The EU has strong historic ties with the Caribbean and is currently one of the region's most important trading partners. In 2012, the European Commission issued a Joint-EU Caribbean Partnership Strategy in an effort to deepen dialogue between the two sides and to structure cooperation in such a way as to address challenges and opportunities as effectively as possible. This Strategy highlights both sides' shared commitment to promoting regional integration, and identifies specific areas of strategic cooperation in support of this. These strategic objectives are reinforced in the more recent CARICOM Strategic Plan for the Caribbean Community 2015-2019.

A key goal of EU policy in the region is to foster a healthy economic and investment climate in the Caribbean by enhancing the integration of regional markets. This will be helped by the development of infrastructure networks to facilitate intra-regional and international trade. EU policy in the region also aims to promote business development through private sector investments, particularly in the service sector, and to promote green economic growth with specific support for efforts to preserve bio-diversity and to support the rational use of water resources.

Other key areas for cooperation include energy diversification, adopting a regional

approach to food security and health and the promotion of social cohesion and social dialogue. The development of civil society and the principles of non-discrimination and gender equality and enhanced youth involvement in national development also underpin the EU's strategy in the region. Furthermore, the countries in the region are classified as Small Island Developing States and, as such, they are disproportionately vulnerable to the impacts of climate change. Consequently, actions to adapt to and mitigate the effects of climate change are also an important element of cooperation.

EU assistance to the Caribbean is mainly channelled through the EDF. The total indicative allocation to the Caribbean region under the 11<sup>th</sup> EDF for 2014-2020 is €346 million, which represents a substantial increase from €165 million in the 2008-2013 programming period. This increase reflects the regional dimension of several of the challenges faced. Since its launch in 2013, the CIF has been a key instrument for the delivery of EU development policy in the region. It has supported partner countries in the Caribbean in financing key infrastructure in the areas of transport, water and sanitation, energy, disaster prevention and information and communication technology.

2016 was no exception. Last year two projects were approved to receive CIF funding – a project to support sustainable water supply in Suriname and Geothermal Risk Mitigation Programme for the Eastern Caribbean. With a combined CIF contribution of almost €15 million, these projects will leverage investment of over €428 million in support of green growth in the region. These projects will make a major contribution towards achieving EU policy goals in the region. Both of the projects have support for good governance, aid to the environment, and gender equality as a significant or principal objective. Furthermore, the geothermal programme will displace fossil fuel generation in the region, thereby reducing dependence on imports of oil products and improving energy security. Also, by reducing greenhouse gas emissions the project will help the countries to achieve their national climate change mitigation targets.

## CIF contributions approved



\* This is the number of approvals during the year, net of cancellations. In some cases the CIF project contribution was split into separate tranches approved in different years.

## CIF contributions signed



\*\* These are projects for which an agreement was signed during the year, net of cancellations. In some cases more than one agreement was signed for the same project.

## CIF payments



\*\*\* These are projects where a disbursement took place during the year.

# CIF / Operations in 2016

## 1. OVERVIEW

In 2016 two CIF contributions for a total amount of €15 million were approved, to support projects with a total investment cost of over €428 million.

In terms of geographical distribution of the CIF support in 2016, one of the projects - the Geothermal Risk Mitigation Programme for the Eastern Caribbean - has a regional focus. This programme will support five Eastern Caribbean countries (Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines) in developing their geothermal energy potential by mitigating risk and removing barriers to sustainable development. It is estimated that, collectively, the five countries could initially create 60MW of baseload geothermal energy capacity, which would reduce the countries' dependence on imports of oil products for electricity generation and improve their energy security.

The second CIF project approved in 2016 provides support for a sustainable water supply system in Suriname. The Government of Suriname is implementing a policy to reform the water supply in the country's coastal area. This project supports the government's policy and aims to facilitate access to safe and sustainable water supply services in the target region. More specifically, the project aims to improve the existing water system in urban areas and promote a shift to sustainable resources.

With the approval of these two projects, both the energy sector and the water and sanitation sector benefitted from CIF support in 2016. The water and sanitation project in Suriname received

a CIF contribution of €3 million (20% of the total 2016 CIF contribution), while the Geothermal Risk Mitigation Programme for the Eastern Caribbean received a CIF contribution of €12 million (80% of the total 2016 CIF contribution).

As in previous years, climate change represented an important cross-cutting issue for CIF in 2016, with both projects to be reported as climate action support according to the Rio Convention on Climate Change. The Geothermal Risk Mitigation Programme for the Eastern Caribbean has climate change mitigation and/or adaptation as its principal objective, while this constitutes a significant objective of the Suriname sustainable water supply project.

Concerning the type of support provided by CIF, the projects approved in 2016 have both an investment grant and a technical assistance component. The investment grant component of the projects amounts to a total of €11 million (73% of the CIF contribution), while technical assistance support amounts to €4 million (27%).

The financial leverage of the CIF contributions in 2016 is high, with €15 million leveraging over €428 million, which implies that every euro provided by CIF leveraged around €28.6 in investment, compared to €13 in 2015. This figure reflects 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 is leveraging total investment of €412.4 million.

## 2. PROJECTS

### ENERGY



#### **Geothermal Risk Mitigation Programme for the Eastern Caribbean**

REGIONAL (Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines)

**Total budget:** €412.4 million

**CIF contribution:** €12 million

**Lead finance institution:**

Caribbean Development Bank (CDB)

**Co-financiers:** Inter-American Development Bank

(IDB), UK-DFID, Green Climate Fund (GCF) JICA

**Type of CIF support:**

Investment Grant - €9.5 million

Technical Assistance - €2.5 million

The objective of this programme is to support five Eastern Caribbean countries (SECC) in developing their geothermal energy potential by mitigating risk and removing barriers to sustainable development. The resources to support geothermal energy risk mitigation are being mobilised as part of the Caribbean Development Bank's GeoSmart Initiative. GeoSmart is a mechanism that uses its own and partners' resources to address the risks associated with each stage of the geothermal energy project cycle.

It is estimated that, collectively, the five countries (Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines) could initially create 60MW of baseload geothermal energy capacity. This would displace the equivalent current fossil fuel generation, thereby reducing the countries' dependence on imports of oil products for electricity generation and improving their energy security. Launching the geothermal capacity will also help stabilise, and possibly even reduce, electricity prices, which are currently indexed to fuel prices. This, in turn, will help encourage investment and develop trade in goods and services, as reduced electricity prices will be reflected in lower commercial and manufacturing costs.

The launch of the geothermal energy capacity will also help reduce emissions of greenhouse gases (GHG) and local pollutants. In this way, geothermal development will contribute to climate change mitigation and to achieving national targets in the participating countries.





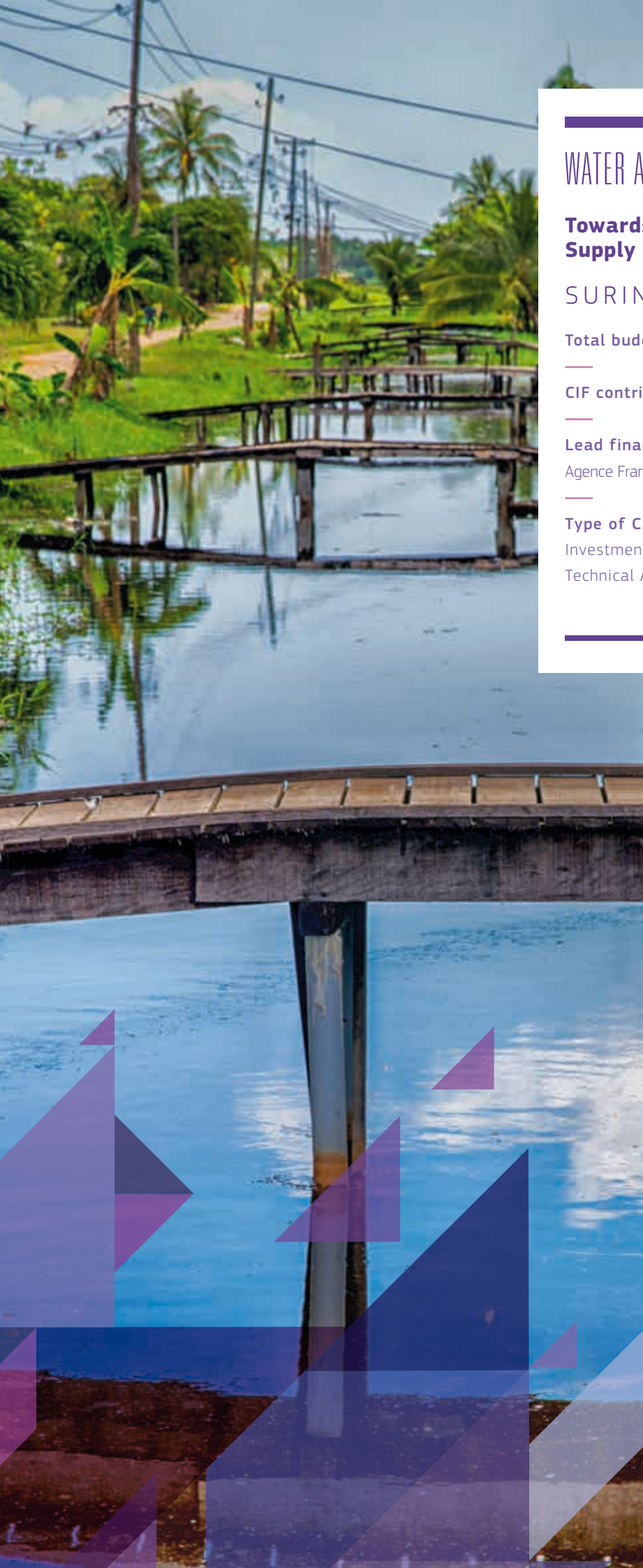
The CIF contribution will expedite investments in geothermal projects and will make it possible to achieve a larger scale of power generation, thereby increasing project viability. The Investment Grant component of the CIF contribution will be used to fund the early phases of geothermal energy development, while Technical Assistance will help build the capacity of governments in the five countries to develop and manage geothermal projects. This capacity building will aim to develop a team of technical officials capable of making critical decisions and managing issues related to geothermal energy development. The CIF resources will complement and expand available resources for human and institutional capacity strengthening.

The five countries share common objectives of increasing energy security and affordability by developing renewable energy and exploiting energy efficiency opportunities. These objectives also align well with those of the Caribbean Community (CARICOM) Regional Energy Policy. The Geothermal Risk Mitigation Programme will help the participating countries to achieve these energy sector goals.

## The Broader Context

The SECC are five small island states with isolated domestic electricity markets. These countries lack the necessary scale to import low-cost fuels, and rely on expensive diesel and heavy fuel oil. As such, electricity tariffs in the ECC are among the highest in the world. These countries have also not yet fully developed their renewable energy potential.

Geothermal energy is an indigenous energy resource that is able to meet all baseload electricity demand in the SECC. However, geothermal energy development is hindered by high capital costs and a lack of access to credit at appropriate terms. Other restraining factors include limited fiscal space for governments to acquire new public debt, a lack of economies of scale, and high resource risk in early exploration phases.



## WATER AND SANITATION

### Towards Sustainable Water Supply in Suriname

#### SURINAME

**Total budget:** €16 million

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**CIF contribution:** €3 million

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**Lead finance institution:**

Agence Française de Développement (AFD)

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**Type of CIF support:**

Investment Grant - €1.5 million

Technical Assistance - €1.5 million

The Government of Suriname is implementing a policy to reform the water supply in the country's Coastal Area. This project supports the government's policy and aims to facilitate access to safe and sustainable water supply services in the target region.

The government's policy relies on the expansion and reinforcement of Surinaamsche Waterleiding Maatschappij (SWM), the public operator for urban water supply systems. The project's first component will work towards this goal by expanding infrastructure to improve existing water production facilities and extending the water supply networks in the cities of Greater Paramaribo and Moengo. The project's second component concerns strategic water supply planning, and will involve studies and technical assistance to plan future investments in the water sector, develop its financial sustainability and enhance social acceptability.





More specifically, the project aims to improve the existing water system in urban areas and promote a shift to sustainable resources. It will also prepare for the expansion of SWM's service perimeter to the whole Coastal Area, encompassing areas currently supplied by the Ministry of Natural Resources' Water Supply Directorate. This will result in 2 000 people receiving new connections to piped water and improved supply for 260 000 existing consumers.

The company will receive support at all stages of the project: from design and procurement to supervision of work and technical capacity building for SWM personnel. Furthermore, the project aims to help create an environment in the sector that will ensure that the service is financially sustainable going forward.

The project is aligned with CIF's core objective of promoting additional investments to develop infrastructure in the Caribbean region, and specifically ensuring access to water and sanitation services. With respect to the water sector, the main expected results of the CIF contribution include increased investment contributing to improved water and sanitation infrastructure, the provision of better access to basic sanitation services, and improved sustainable management of water resources.

The project complements ongoing capacity building being conducted under the EU Water Facility-funded project "Capacity building in drinking water supply in Suriname". The CIF grant increases the social impact of the investment, improves the sustainability of the sector and prepares the ground for future investments.

## The Broader Context

The territory of Suriname is dominated by the Amazon tropical rainforest, which occupies most of the country's interior. Consequently, the overwhelming majority (95%) of Suriname's 540 000 inhabitants live in a narrow 50-km band of territory, stretching along the coast.

Even though surface water is abundant, many of the old wells that still provide 70% of the water supply in the Coastal Area rely on confined aquifers that do not get recharged. As a consequence of this "water mining", resource quality is declining and the aquifers will be able to produce for the next 15 years at most. As a result, a progressive change towards more sustainable resources is required.

Water supply in the Coastal Area is the responsibility of two public entities: Surinaamsche Waterleiding Maatschappij (SWM) supplies the main urban areas, while the Ministry of Natural Resources supplies the rest of the Coastal Area. SWM provides a reasonable service and delivers water of sufficient quality to 98% of the population in its area. However, the level of service in the rest of the Coastal Area is extremely poor in terms of water quantity and quality.

# Analysis of CIF portfolio 2013-2016

Since CIF was launched in 2013, 11 contributions have been approved for a total CIF grant of around €83.6 million in support of projects with a total investment cost of over €963 million. In terms of allocation to individual projects, CIF contributions have ranged from €2 million to almost €19.5 million. CIF contributions have taken the form of technical assistance or investment grants and sometimes a combination of both.

## Geographic breakdown

Three of the eleven contributions, for a total grant of over €19.2 million (23%), support regional projects while the other eight benefit five individual countries. The country that has received the biggest allocation is Guyana with two contributions worth a total of almost €30.1 million (nearly 36%), followed by the Dominican Republic with a total CIF contribution of over €19.3 million (23%) for two projects. Two projects in Suriname have also benefitted from CIF support, totalling €8 million (9.5%), while Belize and Dominica have one project each, receiving CIF support of €5 million (6%) and €2 million (2.5%) respectively.

## Sector distribution

Energy is the sector that has received the most consistent CIF support in the 2013-2016 period. The six contributions to energy projects approved since the launch of the Facility account for 62% of the total CIF contribution, with a combined grant of over €51.9 million. The three contributions to

water and sanitation projects amount to almost €23.7 million, representing almost 28.5% of the total CIF contribution. Transport, with one project supported, represents 6% of the total contribution (€5 million) and one multisector project accounts for 3.5% of the total contribution (€3 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 10 out of the 11 projects approved in 2013-2016.

## Joint 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 CIF to create constructive synergies between the EU and the Caribbean, both on a bilateral and multilateral level.

## Financial and qualitative leverage

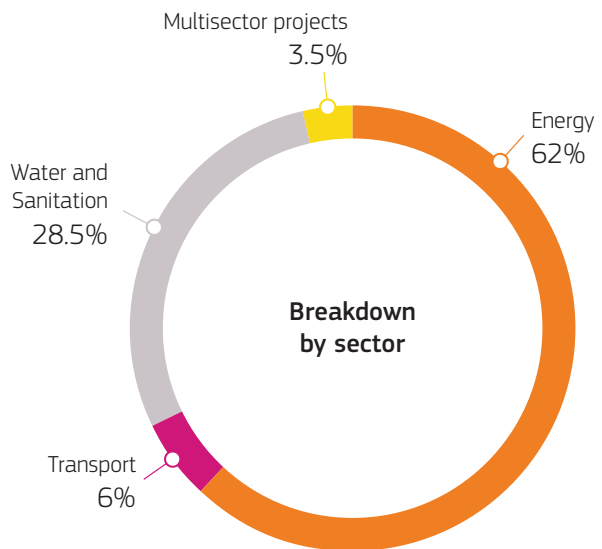
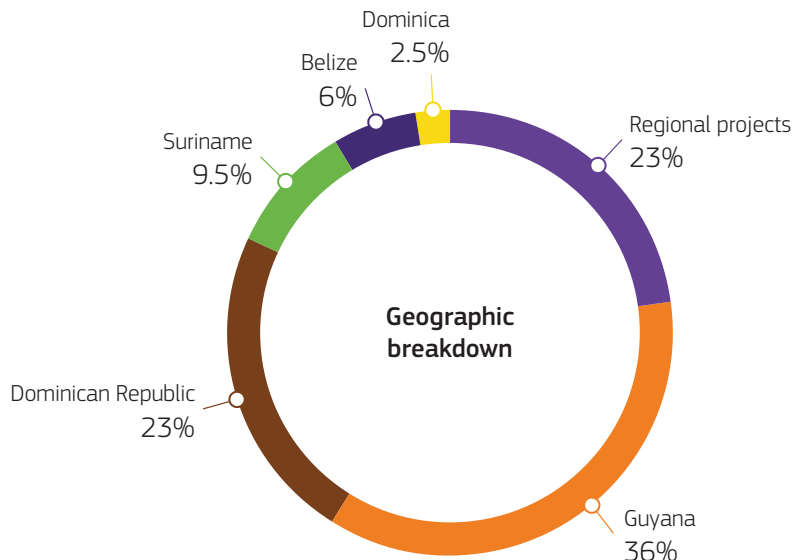
The 11 CIF contributions, totalling around €83.6 million, will leverage around €969 million in investments from other donors or Finance Institutions. This represents a multiplier effect of almost 12:1, which means that the CIF has mobilised, or leveraged, almost €12 for every euro of support that it has provided.

### Types of CIF support

CIF contributions have taken the form of investment grants, technical assistance or a combination of both. 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 eleven CIF projects, four have received support solely in the form of investment grants, two in the form of technical assistance and five have been supported with a combination of both.

### Implementation

By the end of 2016, contracts had been signed for nine of the approved projects, representing 82% of total CIF funding. Procurement operations had begun or were about to begin for over half of the projects. Due to the relatively recent start of the Facility, construction and support services for beneficiaries had started in only one of the projects for which these activities are foreseen.



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

Although not among the world's main greenhouse gas emitting regions, Latin America and the Caribbean are particularly vulnerable to the negative effects of climate change. According to a recent report from the Food and Agriculture Organization of the United Nations (FAO), the Economic Commission for Latin America and the Caribbean (ECLAC) and the Latin American Integration Association (ALADI), the impact of climate change in Latin America and the Caribbean will be considerable, owing to the region's economic dependence on agriculture, the low adaptive capacity of its population and the geographical location of certain countries. Vulnerable segments of the population will be hit earliest and hardest.

In response to this threat, in the Santiago Declaration, which was adopted at the EU-CELAC Summit in Chile, in 2013, European and Latin American and Caribbean heads of state and government highlighted the need for actions to adapt to and mitigate the effects of climate change. To allow the EU to meet its commitments in terms of climate finance, specific Climate Change Windows (CCWs) were created in the EU regional blending facilities. The CCWs encompass both public and private investments in strategic areas such as transport, energy, environment, water, sanitation and forests.

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.

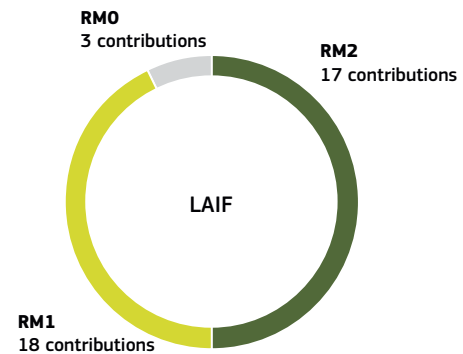
The tracking system is based on the contribution of each project to the climate mitigation and/or adaptation objectives of the Rio Convention on Climate Change:

- 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).

# Results

## LAIF

Between 2010 and 2016, 33 of the 38 LAIF contributions target climate actions. Of the €304.6 million approved, €218.9 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, 17 LAIF contributions can be reported as Rio Marker 2, with LAIF contributions totalling €183.9 million to be reported as climate action support. Another 15 projects were reported as Rio Marker 1, with LAIF contributions totalling €35 million to 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.

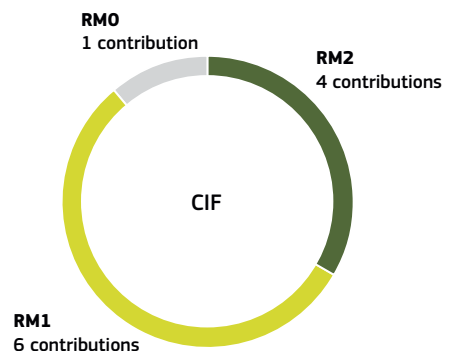
### Adaptation measures include:

- 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 21<sup>st</sup> 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.

## CIF

Between 2013 and 2016, 10 of the 11 CIF contributions target climate actions. Out of the circa €83.6 million approved, almost €48.5 million can be reported as climate action support according to the Rio Convention on Climate Change (Rio Marker 1: 40% of the CIF grant, Rio Marker 2: 100% of the CIF grant contribution).



Five CIF contributions can be reported as Rio Marker 2, with CIF contributions of almost €31.3 million to be reported as climate action support. Another five projects were reported as Rio Marker 1, with CIF contributions of circa €17.22 million to be reported as climate action support.

The full list of LAIF and CIF contributions approved up to 2016 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 Manservigi**

Director-General for International  
Cooperation and Development

The key objectives of the European Union's partnership with countries in Latin America and the Caribbean are to promote sustainable economic development and peaceful societies, while also addressing the challenges of climate change. Insufficient investment in essential infrastructure, from roads and transport to water supply, sanitation and communications, has held back the regional development needed to capitalise on the region's rich resources, boost growth and reduce poverty. Vulnerability to natural disasters, including all-too frequent earthquakes and hurricanes, can lead to setbacks in developing and modernising this infrastructure.

The European Union is the region's main cooperation partner, its leading source of foreign investment and its second most important trade partner. Since it was established in 2010, the Latin America Investment Facility (LAIF) has blended non-refundable EU grants with loans from European and regional, bilateral and multilateral financial institutions. The Caribbean Investment Facility (CIF) has been doing the same thing for the Caribbean region since 2012.

Blending finance in this way is proving successful in supporting the capital-intensive infrastructure projects the region needs. Given its abundant fossil fuel resources, for example, the region has not prioritised the development of renewable energies. Yet the mountains of Bolivia, which are near to the equator, offer an abundant supply of solar energy. Last year the LAIF contributed €11.5 million, creating €89 million of investment for a photovoltaic grid-connected power plant.

Ten projects were approved in total under the LAIF in 2016 for over €72 million, creating almost €1.4 billion of investment in initiatives ranging from sustainable forestry and solar energy, to disaster mitigation, educational facilities and feasibility studies. Under the CIF, two projects were approved for a total of €15 million, leveraging over €428 million for sustainable energy and water supply.

Last year saw the signature of the first LAIF project in Cuba, which will help to create more financially bankable projects. I trust that the LAIF will pave the way to many more much-needed investment projects in the coming years. This kind of technical assistance is just one of the ways the LAIF and CIF can create further investment opportunities, which involve different economic actors and boost sustainable growth for all.

## L A I F / C I F

# 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. LAIF is covered by the DCI Blending Framework and CIF is covered by the EDF Blending Framework.

Based on the results of the discussions at the Technical Assessment Meeting, proposals may either 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 individual 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. Based on Board decisions for the selected proposals, a complementary decision is adopted by the Commission.

### 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.

### 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.

# LAIF / ANNEX

Country	Year of approval	Title of the project	Climate Change Window 	Consortium of Finance Institutions	Sector	Total project cost (€ million)
Bolivia	2013	Road F-21 Tranche Uyuni-Tupiza		EIB, CAF	Transport	118.8
Bolivia	2016	Oruro 50 MW Photovoltaic Grid Connected Power Plant Project		AFD	Energy	89
Brazil	2012	Improving Service Delivery and Investment Planning in the Power Sector		AFD, IDB	Energy	170
Chile	2012	Chilean Solar Energy Programme		KfW, IDB	Energy	342.7
Colombia	2012	Integrated Water Resources Management		AFD, CAF	Water/Sanitation	142.5
Colombia	2012	'Bridging the gap': towards a sustainable development of cities and regions		AFD, IDB	Sustainable Urban Development	212.0
Colombia	2016	Supporting the implementation of a Climate-smart Rural Landscape		AFD	SME Support	187.0
Costa Rica	2016	Improve Sanitation for People and the Environment		KfW	Water/Sanitation	121.32
Cuba	2016	Cuba Projects Preparation Facility		AFD	Multisector	3.0
Ecuador	2016	Technical and Technological Institutes Programme		EIB, WB	Education	191.4
Ecuador	2016	Post-Earthquake Reconstruction Framework Loan		EIB	Social	163
Ecuador	2016	Supporting Sustainable Forest Production in Ecuador		AFD	Sustainable forest	43.2
Ecuador	2016	Modernized Irrigation Project for Small and Medium Farmers		AECID, WB, MAGAP	Green Agriculture	126.5
Ecuador	2016	Financing the National Investment Programme in Water, Sanitation, and Solid Waste		AFD	Water/Sanitation	151.2
El Salvador	2010	Extension of the existing Hydropower Plant "5 de Noviembre" in El Salvador		KfW, CAFEI	Energy	132.4
El Salvador	2011	Rural Roads Program		AECID, IDB	Roads	45.5
Honduras	2015	Honduras Sustainable Roads		EIB, CAFEI	Transport	169.0
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	337.6

Three projects have been cancelled:

- 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)



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?
8.0	0	Investment Grant	Implementing	Awarded	Under construction	N/A
11.5	11.5	Investment Grant and TA	Signed	Not available	Not available	Not available
1.5	0.6	TA	Implementing	Awarded	Under construction	On-going
15.0	15	Investment Grant	Signed	Awarded	Under construction	Design on-going
4.5	1.8	TA	Implementing	Awarded	Under construction	On-going
5.0	2	TA	Implementing	Procurement started	N/A	On-going
7.0	7	TA	Signed	Not available	Not available	Not available
3.52	1.4	TA	Approved	No; delegation agreement to be signed	N/A	No
3.0	0	TA	Signed	Not available	Not available	Not available
11.35	0	Grant	Approved	No	No	N/A
7	0	TA	Approved	Procurement started	No	No
6.2	6.2	TA / IG	Approved	No; delegation agreement to be signed	Not available	Not available
8.0	3.2	TA / IG	Signed	Not available	Not available	Not available
10.0	4	TA	Implementing	Not available	Not available	Not available
6.0	2.4	Investment Grant	Implementing	Awarded	99% completed	N/A
4.0	4	Grant	Implementing	Awarded	Studies on-going	Design on-going
10.0	4	TA/Grant	Implementing	Yes	No	Yes
2.0	2	TA	Completed	Awarded	N/A	Completed












Country	Year of approval	Title of the project	Climate Change Window 	Consortium of Finance Institutions	Sector	Total project cost (€ million)
Mexico	2012	Ecocasa Programme		KfW, IDB	Social	168.3
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	100.0
Mexico	2014	Water Sector Development Program 2014-2018		AFD, KfW	Water/Sanitation	209.0
Nicaragua	2010	National Program of Sustainable Electrification and Renewable Energy in Nicaragua (PNESER)		EIB, AECID, IDB, CABEI	Energy	308.8
Nicaragua	2012	Phase 1 - Integrated Sector Programme for Human Water and Sanitation (PISASH)		AECID, EIB, CABEI	Water/Sanitation	252.3
Paraguay	2013	Yacyretá Transmission Line: Loss Reduction and Access to Energy		EIB, IDB, CAF	Energy	223.0
Peru	2013	Water Supply, Sewage, Wastewater Treatment and Reuse in Lima		KfW, IDB	Water/Sanitation	136.6
Peru	2016	Combating Climate Change in Agriculture		AFD	SME Support	70.2
Regional Central America	2010	RE and EE for SMEs in Central America		KfW, CABEI	Private Sector	36.3
Regional Central America	2012	Programme for Entrepreneurial Development of MSME in Central America		KfW, CABEI	Private Sector	54.2
Regional Latin America	2010	Climate Change Program		KfW, CAF	Environment	303.0
Regional Latin America	2011	Sustainable Transport Networks		AFD, CAF	Sustainable transport	403.0
Regional Latin America	2012	Spanish Cooperation Fund for Water and Sanitation		AECID, IDB	Water/Sanitation	615.0
Regional Latin America	2012	Water and Wastewater Investment Programme		KfW, CAF	Water/Sanitation	200.0
Regional Latin America	2012	Facility for Performance Based Climate Finance		KfW, CAF	Environment	60.0
Regional Latin America	2013	Urban Public Transportation Improvement Program		KfW, CAF	Transport	649.0
Regional Latin America	2014 & 2015	Geothermal Development Facility Latin America (Technical Assistance and Investment Grant)		KfW, CABEI, IDB, CAF, EIB, AFD, JICA, WBG	Energy	1094.0
Regional Latin America	2015	Sustainable Cities and Climate Change		AFD, CAF	Sustainable Urban Development	104.7
Regional Latin America	2015	Eco.business Fund for SME-development in Latin America		KfW, others (open fund)	Private Sector	281.8
<b>TOTAL</b>						<b>8,015.18</b>

Three projects have been cancelled:

- 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)

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?
7.0	7	Investment Grant/TA	Implementing	Awarded	Under construction	On-going
5.0	5	TA+IG	Implementing	Awarded	Under construction	On-going
9.0	3.6	Investment Grant/TA	Implementing	Awarded	Under construction	No
7.0	2.8	Investment Grant	Implementing	Awarded	Under construction	N/A
50.0	50	TA+IG	Implementing	Procurement started	Under construction	Design on-going
10.0	4	Investment Grant	Signed	Procurement started	Studies ongoing	No
3.0	1.2	TA	Signed	Awarded	Studies ongoing	No
5.0	5	TA/Grant	Signed	Not available	Not available	Not available
3.0	3	TA	Implementing	Procurement finalized	N/A	Finalized. Closure phase until 12/2018 for audit
3.8	0	TA	Implementing	Procurement to be launched	N/A	On-going
3.0	3.0	TA	Implementing	Procurement started	N/A	On-going
3.0	1.2	TA	Completed	Procurement started	N/A	On-going
15.0	15	TA /Grant	Implementing	Procurement started	N/A	On-going
4.0	1.6	TA	Signed	Procurement started	Studies ongoing	No
10.0	10	Investment Grant/TA	Implementing	Procurement started	Studies ongoing	On-going
3.0	1.2	TA	Implementing	Procurement started	Studies ongoing	No
20.0	20	Investment Grant/TA	Implementing	Procurement started	No	Yes
4.2	4.2	TA	Implementing	Procurement started	N/A	No
16	16	Risk Capital/TA	Approved	Procurement to be launched	N/A	No
<b>304.57</b>	<b>218.90</b>					

# CIF / ANNEX

Country	Year of approval	Title of the project	Climate Change Window 	Consortium of Finance Institutions	Sector	Total project cost (€ million)
Belize	2015	George Price Highway rehabilitation for Belize integration		IDB	Transport	21.50
Dominica	2013	Support to the development of Geothermal Energy		AFD	Energy	8.50
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
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
Regional	2015	Sustainable Energy for the Eastern Caribbean (SEEC) Program		CDB, DFID	Energy	21.17
Regional	2016	Geothermal Risk Mitigation Programme for the Eastern Caribbean		CDB, IDB, UK-DFID, GCF, JICA	Energy	412.00
Suriname	2015	Support to improve Sustainability of the Electricity Service		IDB, AFD	Energy	42.77
Suriname	2016	Towards Sustainable Water Supply		AFD	Water and sanitation	15.79
<b>TOTAL</b>						<b>963.03</b>

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?
5.00	2	Investment Grants	Signed	Procurement to be launched	No	No
2.00	2	TA	Implementing	Awarded	Under construction	On-going
10.00	10	Investment Grants Technical Assistance	Signed	Procurement to be launched	No	Design on-going
9.33	0.0	Investment Grants	Signed	Procurement to be launched	No	N/A
19.38	7.75	Investment Grants	Implementing	Procurement started	Studies on-going	N/A
10.68	4.27	Investment Grants	Implementing	Procurement started	Studies completed	N/A
3.00	1.2	TA	Signed	-	N/A	No
4.25	4.25	Investment Grants Technical Assistance	Implementing	Procurement started	N/A	Design on-going
12.00	12	Investment Grants Technical Assistance	Approved	Not available	Not available	Not available
5.00	2	Investment Grants	Signed	Procurement to be launched	No	No
3.00	3	Investment Grants Technical Assistance	Approved	Not available	Not available	Not available
<b>83.63</b>	<b>48.47</b>					

# ACRONYMS

**AECID:** Agencia Española de Cooperación Internacional para el Desarrollo (Spanish Agency for International Development Cooperation)

**AFD:** Agence Française de Développement (French Development Agency)

**ALADI:** Asociación Latinoamericana de Integración (Latin American Integration Association)

**CABEI:** Central American Bank for Economic Integration

**CAF:** Corporación Andina de Fomento (Andean Development Corporation)

**CARICOM:** Caribbean Community

**CDB:** Caribbean Development Bank

**CDP:** Cassa depositi e prestiti

**CIF:** Caribbean Investment Facility

**DCI:** Development Cooperation Instrument

**DG DEVCO:** Directorate-General for International Cooperation and Development

**ECC:** Eastern Caribbean Countries

**ECLAC:** Economic Commission for Latin America and the Caribbean

**EDF:** European Development Fund

**EEAS:** European External Action Service

**EIB:** European Investment Bank

**ENI:** European Neighbourhood Instrument

**KfW:** Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)

**ENSO:** El Niño–Southern Oscillation

**ESMP:** Environmental and Social Management Plan

**EU:** European Union

**EU-LAC:** EU-Latin American and Caribbean

**FAO:** Food and Agriculture Organization of the United Nations

**GCF:** Green Climate Fund

**GHG:** Greenhouse gas

**ICT:** Information and Communications Technologies

**IDB:** Inter-American Development Bank

**IPA:** Instrument for Pre-Accession Assistance

**JICA:** Japan International Cooperation Agency

**LAIF:** Latin America Investment Facility

**MAGAP:** Ministry of Agriculture, Livestock, Aquaculture and Fisheries (Ecuador)

**NIB:** Nordic Investment Bank

**OeEB:** Oesterreichische Entwicklungsbank (Austrian Development Bank)

**PDNA:** Post Disaster Needs Assessment

**SEP:** Stakeholders Engagement Plan

**SIMEST:** Società Italiana per le Imprese all'Estero (Italian Company for Enterprises Abroad)

**SME:** Small and Medium-sized Enterprise

**SOFID:** Sociedade para o Financiamento do Desenvolvimento (Development Financing Society)

**SWM:** Surinaamsche Waterleiding Maatschappij (Surinamsche Water Management Society)

**TTI:** Technical and Technological Institutes

**UK-DFID:** United Kingdom Department for International Development

**UNFCCC:** United Nations Framework Convention on Climate Change

**US:** United States

**WB:** World Bank



LAIF and CIF are implemented in partnership with:

