ANNEX 3

of the Commission Implementing Decision on the

Action Document for the Latin American Investment Facility (LAIF)

1. IDENTIFICATION

Title/Number	Contribution from the General EU Budget to the Latin American Investment Facility (LAIF) CRIS number:		
Total cost	Total amount of EU budget contribution: EUR 30 000 000 This action is co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix of this Action Document.		
Aid method / Management mode and type of financing	Project Approach The action regarding this Regional Blending Facility shall be implemented in indirect management.		
DAC-code	– 41010 – 23010 – 21010 – 32130 - 16050	Sector	– Environmental policy and administrative management; – Energy policy and administrative management; – Transport policy and administrative management; – SME development; - Multisector aid for basic social services

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The Latin American Investment Facility (LAIF) is a blending facility which combines EU grants with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing, and achieve investments in infrastructure and support to the private sector. LAIF aims at reducing the social and economic inequalities which represent one of the biggest threats of the continent by promoting actions which foster economic activities in different sectors.

LAIF aims at fostering investments which will have a positive impact on the socio-economic development in Latin America such as infrastructures in transport, communication and energy interconnections and promotion of renewable energies. It also addresses threats to the environment, including water supply and sanitation and climate change adaptation and mitigation. LAIF also promotes smart, sustainable and inclusive growth, through support to small and medium sized enterprises, to social sectors and to municipal development.
Special attention will be given to a balanced geographical distribution of the projects and to actions which will promote regional or sub regional integration.

The Facility is designed to combine EU grants with other public and possibly private financing. By reducing, through co-financing, the overall cost or risk of the project or by subsidising interest rates and/or financing technical assistance, the Facility will encourage the beneficiary governments, private sector and/or public institutions to carry out essential investments in sectors which would otherwise be postponed due to lack of resources.

Decisions on LAIF financing are conditioned to the additionality of the LAIF contribution. LAIF is a mechanism able to enhance an important leverage effect on priority investments which could not be faced by national financial resources.

Therefore, LAIF does not support any operation which could normally be financed by the market.

2.2. Context

In accordance with the Regulation (EU) No 236/2014, the Union should seek the most efficient use of available resources in order to optimise the impact of its external action. That should be achieved through coherence and complementarity between the Union's instruments for external action, as well as the creation of synergies between the Instruments and other policies of the Union. This should further entail mutual reinforcement of the programmes devised under the Instruments and, where appropriate, the use of financial instruments that have a leverage effect.

In order to achieve the objectives of the Regulation (EU) No 233/2014 and the Regional indicative programme "2014-2020" for Latin America under the DCI, bilateral and regional financial assistance will promote policies development, capacity building and modernisation measures by the partner countries. Highly important capital investments must be made inter alia to rehabilitate, modernise or build essential infrastructures needed for a low-carbon, efficient and safe production, transport and use of energy and further on for safe and efficient

transport of goods and people. It is also vital to progress towards an effective environmental protection, in particular to protect biodiversity and ensure the quality of water, air and soil, and to promote climate change adaptation and mitigation measures. In addition, capital is also needed for the provision of basic social services such as health and education and to develop private sector, in particular small and medium enterprises (SMEs).
LAIF principal objective is to mobilise additional financing to support investment and private sector development in Latin America.

This financing decision concerns the 2014 EU contribution to the Facility. LAIF annual EU contributions will be drawn from DCI Latin America, which could be complemented by funds from Bilateral Programmes.

2.2.1. Sector context: policies and challenges

The EU's partnership with Latin America is founded on close historical and cultural ties; extensive people-to-people exchanges; strong and growing trade and investment flows; and a deep bedrock of shared values and aspirations (commitment to democracy, human rights and rule of law; pursuit of social cohesion and sustainable development. Over the years, the two sides have progressively built up a broad-based relationship of equals, founded on mutual respect and open dialogue. A bi-regional Strategic Partnership, culminating in periodic Summits, was established in 1999. The EU has concluded an extensive web of association and other agreements with individual Latin American countries and regional groupings.

EU development cooperation instruments have been - alongside political engagement, trade and investment, and sector dialogues - a crucial building block of this relationship over the years. During the period 2002-2013, the EU has committed over EUR 4 billion for programmable development cooperation in Latin America, accompanying and supporting the region's own successful development efforts. This has also helped to underpin closer cooperation in many areas (e.g. social cohesion, education, environment and climate change, trade and small and medium enterprises, migration) and given substance to the wider policy agenda jointly pursued by the two sides. It has taken place both through bilateral programmes with individual countries, tailored to their national development agenda, and also through regional programmes pursued at continental level.

Over recent years, the countries of Latin America have collectively enjoyed strong economic growth and macro-economic stability. Economic progress, in large part due to exports of natural resources from a region rich in biologic diversity , has translated into a higher profile and rising influence on global economic issues and in multilateral negotiations e.g. on climate change and sustainable development. Taken as a whole, the region has continued its progress in consolidating human rights and democracy.

Yet considerable challenges remain and the development gains of many Latin American countries are fragile, for example:

- Despite improvement in some countries, the region remains the most unequal in the world. Poverty and income distribution trends as well as citizen perceptions of inequality indicate the need to promote more sustainable and equitable growth across the region and ask for greater efforts to ensure higher levels of social cohesion.
- Economic growth in Latin America has been heavily based on external demand for natural resources and commodities. A number of structural weaknesses (especially in the sector of transports) may impede higher, more inclusive economic growth in the coming

years. These include lack of diversification, need for more sustainable use of natural resources , difficult access to innovation, limited job creation, bottlenecks as regards systems for skills and training, and the lack of competitiveness and high informality affecting many Micro, Small and Medium-Sized Enterprises (MSMEs) in the region and the need for open markets and an investment-conducive environment.

- To create opportunities for youth, address gender issues, increase the offer of quality jobs and promote decent work are of particular relevance to ensure greater social inclusion in the continent. Moreover, to strengthen territorial integration by reducing socio-economic dipartites between the urban, rural and the more remote areas is also a key challenge.
- Reconciling environmental sustainability with economic growth is a major challenge in Latin America. The region is highly vulnerable to climate change and to natural disasters, due to its geography, distribution of population and infrastructure, and economic reliance on fragile natural resources. While one of the major assets for the region is its enormous variety of ecosystems and high level of biodiversity, its environment is being heavily affected by issues such as biodiversity loss, deforestation, land degradation, water pollution, with direct consequences particularly for the poorest segments of the society . These challenges are exacerbated by unplanned growth of urban areas (currently home to 80% of the region's population), inequality, and the particularly high vulnerability to climate change and environmental degradation of rural areas (where a third of the poor population of the continent lives). At the same time, Latin America offers many opportunities for low-emission, climate resilient and environmentally sustainable investment, for example in the areas of renewable energy and energy efficiency.

The EU will cooperate in support of the region's efforts in line with the European Consensus for Development, the DCI regulation and the EU's Agenda for Change to eliminate poverty by fostering sustainable and inclusive growth in a context of respect for human rights, the rule of law democracy and other key elements of good governance. The Agenda for Change also foresees that EU's development cooperation with Latin America should be adapted to reflect new realities in the region.

2.3. Lessons learnt

By the end of 2013, allocations to the LAIF from the EU budget have reached a sum of nearly EUR 190 million.

Since its commencement in 2009 the LAIF has provided support to 25 projects, and its contribution has succeeded in mobilising EUR 4.6 billion from Finance Institutions, i.e. EUR 24.3 for every euro provided by the Facility, and a total of EUR 5.5 billion investment.

The LAIF operations have supported, in high proportion, the development of infrastructures for water supply and sanitation, to facilitate renewable energy supplies and to improve transport possibilities in the region.

An important factor for its success has undoubtedly been the participation of the regional Latin American development finance institutions which has boosted the partnership between European and Latin American finance institutions.

In 2012, a Results Oriented Monitoring (ROM) concerning LAIF was launched. The purpose of the ROM was to assess the effectiveness of the LAIF programme, its impact prospects and its potential sustainability. The ROM focused on the analysis of the mechanism and its first results since its inception in 2009 until mid-2012. The ROM was carried taking into account the following elements: relevance and quality of design, efficiency and implementation, effectiveness, impacts and potential sustainability.

The ROM states that LAIF's objectives were overall relevant with the EU cooperation priorities for the region, respecting and following what was previously established in the Programming Documents for 2007-2013. LAIF's effectiveness and sustainability have proven to be quite important until the date. The ROM concludes that, in general, LAIF can be considered as an important and effective instrument capable to tackle the most important issues related with development priorities for Latin America. In conclusion, the LAIF operations have reached important results in line with the objectives.

Nevertheless, ROM recommended improvements regarding the follow-up and the management of the projects. An increased role of the EU Delegations should be foreseen for the future, also in the phase of formulation of the priorities and the projects. This will lead also to a stronger involvement of the partner countries in the design of the projects to better tackle national and regional needs.

In line with these findings, the Mid Term Evaluation (MTE) of the Neighbourhood Investment Facility (NIF), together with the findings relating to the Africa Infrastructure Trust Fund (ITF), has been used, with other reports, by the Platform for Blending in External Cooperation (EUBEC) to make further recommendations. The EUBEC was set up in December 2012. Its objective is to further increase the effectiveness of aid delivered by the European Union through blending by providing recommendations and guidance.

The EUBEC is taking a wide ranging look at many aspects of the EU's blending activities, and the proposed structure and operation of the LAIF in the context of the DCI blending framework will take into account the recommendations of the EUBEC.

Additionally, following the requirement of Article 140 of Regulation (EU, Euratom) No 966/2012, an ex-ante evaluation of the LAIF has been carried out. The recommendations of this evaluation have been and will be taken into account.

Based on the ex-ante evaluation and on the success so far achieved by the LAIF, it is expected that blending will be an increasingly important tool for the EU in the current Multiannual Financial Framework (2014-2020) for cooperation with Latin America.

2.4. Complementary actions

The Latin America Investment Facility is complementary to regional and bilateral programmes:

- Regional programmes for Latin America which aim to improve positive investment climate and support sustainable economic growth (Al-Invest, ELAN (European and Latin American Business Services and Innovation Network), AL-INVEST 5.0, etc.). In that context, LAIF will also be complementary to programmes which enhance trade in the framework of the WTO.

- Through the Climate Change Window, an important part of LAIF funds will be assigned to projects which help fight against the Climate Change, and thus their relations with regional programmes dealing with Environment protection (e,g. EuroClima, FLEGT) will be of particular importance.

- LAIF can be used to enhance and foster bilateral programmes in the fields of transport, energy, environment, social service, etc.

- It is also fundamental to set up a strong synergy with the CIF (Caribbean Investment Facility) considering joint interest resulting from the geographical proximity and the common objectives of this mechanism with LAIF.

2.5. Donor coordination

The LAIF has been implemented in close coordination with EU Member States.

By enabling joint European operations (combining bilateral and community grant funding with eligible Finance Institutions loan operations), the LAIF has generated greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the EC Financial Regulation. Member States' resources have reinforced the Community effort. The LAIF is financing larger operations, better support partners in carrying out necessary reforms and investments, and bring greater visibility for the European dimension of external cooperation. In many cases, co-financing with non-EU financial institutions has further improved donor coordination.

The LAIF governing bodies have provided a very suitable mechanism for coordination amongst European Finance Institutions (EFIs) –and other Finance Institutions-, and amongst the EU Member States allowing regular discussions on project pipelines, priority projects and synergies between them.

3. DETAILED DESCRIPTION

3.1. Objectives

The LAIF's main purpose is to promote investments and key infrastructures in priority areas for sustainable socio-economic development in region such as transport, ICTs, energy, SMEs, Private sector development, water and environment, with a particular focus on climate change mitigation and adaptation.

3.2. Expected results

In principle, the leverage effect of the LAIF contributions is expected to reach a multiplying factor of 4 to 5 times the amount of the LAIF contributions. In the past period the multiplying factor proved to be much higher although variable according to the operations. Furthermore, the input of the financial institutions will create a leverage effect on pooling of additional resources to be directed towards the beneficiary countries.

Operations financed by financial institutions pooling their loan resources in consortia with LAIF support can allow risk sharing and will possibly contribute to raising the credit ceilings to the benefit of the partner countries. This will promote the financing of categories of investments which at present cannot be financed either by the market or by single development finance Institutions.

3.3. Main activities

LAIF's interventions will be focused on investments.

In coherence with the priorities established in the Multiannual indicative programme 2014-2020 for regional cooperation with Latin America under the DCI, LAIF interventions should focus indicatively on the following sectors:

A) Energy: Priority will be given to projects including:

- Energy loss reduction measures.
- Projects which foresee social measures like the "social rate".
- Energy interconnections among countries.
- Renewable energies

B) Transport: Priority should be given to projects whose aim is to improve regional integration such as trans-borders cooperation as well as trade facilitation.

C) Environment:

- Integrated waste management including necessary related infrastructures.
- Introduction of integrated water management, including the necessary related infrastructure.
- Promotion of climate change related investments, i.e. renewable energy, energy saving and cleaner production and other environment friendly techniques, support to adaptation measures.
- Promotion of sustainability measures regarding a better management of the urban areas.

D) SMEs: Support to the private sector through programmes aimed at:

- Improving financial inclusion and access to finance for SMEs at the different stages of enterprise creation, restructuring and modernization, with a particular focus on the green economy.
- Sustainable jobs creation.
- Internationalization (helping SMEs in exporting their products)
- Women and/or youth entrepreneurship, technological poles, enterprise incubators etc.

E) ICT: interconnectivity among Latin American countries and from the region to the EU should be a priority.

F) Social services, including:

1) Better access to health care and improved health services installations.
2) Better education facilities, increased access to education.

The social and development element should be present and detailed in all the projects, and a reference to the MDGs should be included. The added value at regional level should be also assessed.

The types of operations that can be financed under the LAIF are the following:

- Direct investment Grants
- Interest rate subsidies
- Guarantees
- Technical assistance;
- Risk capital operations;
- Any other risk sharing mechanisms[1].

3.4. Risks and assumptions

Stable political and financial climate at both regional and country level is needed to promote and secure investments. The main macroeconomic trends of the beneficiary countries should be also taken into account to assess debt stability.

Furthermore the development of favourable policies by the target countries in the sectors concerned will be of high importance and should be consider when deciding about a support to an operation in such a way that a systemic impact is being aimed at.

Renewed commitment by Financial Institutions to continue working through the EU blending facility represents a fundamental condition.

The pipelines of operations must be of high quality and volume and fulfil significantly the criteria of sufficient additionality.

Partner countries and other local beneficiaries must be supportive to the projects prepared by the eligible European Financial Institution. On this issue, it is to be expected that EU Delegations, in accordance with their operational capacity, will play an important role in the identification of the countries' priorities for investment, contribute – together with the headquarters - to the assessment of the political context and feasibility, as well as in following-up the execution of the projects.

External debt sustainability is also a risk as some countries in the Latin American region are already close to the International Monetary Fund's (IMF) debt limit.

3.5. Cross-cutting issues

Partner countries and eligible financial institutions will ensure that all projects financed with EU resources respect Community principles in terms of environmental and social impact assessment public procurement, state aid, and equal opportunities (gender issues, indigenous people rights, etc.), and will also respect the principles of sound, financial management with effective and proportionate anti-fraud measures.

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[1] As regards risk capital operations, guarantees or any other risk sharing mechanisms, the risk-sharing involves the utilisation of financial resources by the Commission (from the EU contribution) and the entrusted entity and the sharing of losses and gains primarily from underlying debt assets, while in some cases from equity assets as well, in the implementation of a financial instrument operation under external instruments.
The risk-sharing shall contribute to the achievement of the objectives of the corresponding financial instrument for which it is used.
The risk-sharing shall typically consist of a bilateral agreement between the Commission and the entrusted entity concerning the losses and gains, on a portfolio or deal by deal basis, of specific underlying assets. The risk-sharing may consist of a multilateral agreement between the Commission, the entrusted entity and other entities. The risk-sharing shall not cover any entities or activities that fall under the applicable exclusion criteria to be defined by the Commission.

3.6. Stakeholders

The final beneficiaries of the Facility will be the Partner countries, either directly or indirectly through their central, regional and local administrations or public or semi-public institutions.

Other final beneficiaries can be the private sector and in particular SMEs for categories of operations dedicated to the private sector development.

All Latin American countries which are entitled to participate in Regional Programmes will be entitled to participate in LAIF projects on a Bilateral or Regional basis[2]. In accordance with the Regulation (EU) No 233/2014, other countries may be eligible for LAIF funding, under certain conditions, to be decided on a case-by-case basis (e.g. regional interest). In particular coordination between activities of the Caribbean Investment Facility (CIF) and LAIF will be sought, only in the case of regional projects[3].

Multilateral and national European development finance institutions will be direct partners and important stakeholders of the Facility.

4. Implementation Issues

4.1. Financing agreement

In order to implement this action, it may be foreseen to conclude financing agreements with the partner countries, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 120 months from the date of entry into force of the financing agreement or, when none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

4.3.1. DCI Blending Framework

The LAIF will operate under the governance of the DCI blending framework.

The operational decision-making process will be organised in a two level structure:

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[2] Article 16 DCI Regulation

[3] Regional projects : projects that are implemented in at least two Latin American countries

- opinions on projects will be formulated by the Board, held whenever possible back to back with the respective financing instruments' committees (DCI Board);

- such opinions will be prepared in dedicated Technical Meetings

Strategic orientations will be discussed with beneficiary countries and relevant regional organisations in dedicated strategic meetings,. The Commission and the EEAS will conduct and co-chair strategic discussions at an appropriate level with Member States, beneficiary countries and relevant regional organisations. Financial Institutions will participate in the discussions as observers. These strategic discussions will cover regional investment plans and priorities, provide strategic and policy guidance and advice for identification and preparation of the most relevant proposals for blending and for the Board to review the pipeline and formulate an opinion on the most relevant projects for achieving EU objectives.

Rules of procedure will further detail the decision making process as well as the organisation of the strategic meetings, which will be approved in the first meetings of the Board.

TheBoard is chaired by the Commission and includes the EEAS and the EU Member states as voting members, and FIs as observers. The opinion of the Board can be positive, negative or recommend re-submission of the project proposals. FIs will be present mainly for the purposes of presenting their proposals and responding to any request for clarifications on proposals submitted but they will not be present during the formal formulation of opinions by the Board. The part of the meeting where opinions on EU contributions requests are expressed will be restricted only to voting Members. The conclusions including their justifications will be subsequently communicated to the financial institutions in writing.

The Board will also be responsible for:

- providing guidance to participating institutions on appropriate future financing proposals (based on strategic priorities defined in the context of the programming process and further discussed in the strategic boards - see hereunder), monitor and review the pipeline of projects, based on the results of the discussions at the technical level

- examining project related results (including the annual reports) and monitor the portfolio of approved projects

- promoting exchanges of best practices

- drawing upon the specific expertise of the Finance institutions as appropriate and respect the appropriate division of labour

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In principle, the Board would meet two to four times a year, depending on the needs and back to back with the respective financing instruments' committees. When duly justified by time constraints, opinions on projects could be requested by written procedure.

Technical meetings chaired by the Commission with the participation of EEAS and Finance Institutions will be held to:

- review and discuss the pipeline to ensure coordination at an early stage, including in relation to geographical balance and agreed EU political objectives. Results of the pipeline discussion shall be transmitted to the Board.

- assess project proposals submitted by a so called Lead Financial Institution based on the appropriate application form. The proposal will also be shared with other Financial Institutions for peer review and possible written comments. In particular, such assessment will include alignment to EU policy objectives, the justification of the added value of the grant contribution, social and environmental aspects, appropriate financial structure and other issues such as debt sustainability.

- facilitate exchanges on best practices across regions, including the possible development of selected blending operations or financial instruments that extend across geographical regions.

Such meetings will be held on a regular basis depending on the needs and will be organised pragmatically bringing together appropriate experts from the FIs, the Commission and the EEAS. If appropriate such meetings may include or be complemented by virtual meetings and/or written exchanges facilitated by the Secretariat. The Lead Financial Institution, on the basis of and depending on the comments made, will then be able to submit a revised proposal for further technical discussions at a later technical meeting or a final revised application form in view of the submission to the Board.

The Commission will ensure the secretariat of the DCI blending framework, supporting the Board in all its tasks (opinions on individual blending operations, internal Commission/EEAS consultation including DG BUDG, DG SJ, DG ECFIN and DG SG, monitoring at facility level, consolidation of the pipeline on the basis of the information provided by the Financial Institutions including a short project description, production of regular up-to-date information and annual reports on the facilities, preparation of exchanges on best practices.). It will also support in the organization of communication events and the general implementation of the communication strategy (websites and other communication tools), thereby contributing to the visibility of the EU. The Secretariat also organises the technical level assessment of proposals and is the central contact point for all stakeholders involved in the blending framework.

4.3.2. Contribution to the Latin American Investment Facility

In accordance with Article 4.1(e) of the Regulation (EU) No 236/2014, this contribution may be implemented through indirect management whenever possible under the lead of the European Investment Bank (EIB) in line with its external mandate under Decision No 1080/2011/EU, a multilateral European financial institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European financial institution, e.g. bilateral development banks. These Lead Financial Institutions are not definitively known at the adoption of this Action but are indicatively listed in the appendix of this document. Once they will be known, a complementary financing decision needs to be adopted in order to fulfil all the requirements of Article 84.3 of Regulation (EU, Euratom) No 966/2012.

The Lead Financial Institution will be awarded a contract for an individual operation based on its operational and financial capacity.

The Commission will only entrust budget implementation tasks to Lead Financial Institutions which have been assessed through the pillar assessment pursuant to article 60 of Regulation (EU, Euratom) No 966/2012, and have transparent, non-discriminatory, efficient and effective review procedures in place.

Some of the possible entrusted entities are International Organisations (EBRD, Council of Europe Development Bank (CEB), Nordic Investment Bank (NIB)) that are currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. Other possible entrusted entities are public bodies or bodies governed by private law with a public service mission (Agence Francaise de Développement, AFD, KfW, the Spanish Agencia Española de Cooperación Internacional Para el Desarrollo (AECID) and the Italian Società Italiana per le Imprese all'Estero (SIMEST)) will undergo the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 related to financial instruments. In both cases and in anticipation of the results of such assessments the responsible authorising officer deems that, based on a preliminary evaluation and on the longstanding and problem free cooperation with these entities, they can be trusted with budget implementation tasks under indirect management.

The entrusted budget-implementation tasks consist of the implementation of procurement, grants and payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it.

In addition, budget-implementation tasks may be sub-delegated by the entrusted entity to the partner country in accordance with 4(7) of Regulation (EU) No 236/2014. The entrusted budget-implementation tasks consist in the implementation of procurement and grants following the rules assessed and approved by the Lead Financial Institution. Payments may be executed by the partner country under the control by the Lead Financial Institution or by the latter.

EU Members States or other donor's contributions to blending operations could be done through a dedicated Fund, which will be integrated in the governance structure described above

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(3) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5.Indicative budget

	Amount in EUR (thousands)	Third party contribution (where known)
Contribution to the Latin American Investment Facility	30 000	
Totals	30 000	

4.6. Reporting and Performance monitoring

In accordance with Regulation (EU) No 236/2014, financial instruments may be grouped into facilities for implementation and reporting purposes. The Commission will report annually to the European Parliament and the Council on the activities relating to the LAIF including the details laid down in Article 140 of Regulation (EU, Euratom) No 966/2012. Reporting will also be carried out at an individual operational level by the entrusted entities, in line with the contractual provisions of the bilateral agreement that the Commission will sign with these entities. The beneficiaries should provide all the relevant information on the execution of the projects in order to enable the EC to carry out the required follow up of the actions.

The Commission will monitor the performance of the projects benefiting from a LAIF grant based on result indicators, which will be defined for each operation based on DEVCO's Result Measurement Framework as reflected in the Regional Indicative Programme as well as the indicative list of results indicators here below, elaborated in cooperation with Financial Institutions in the context of the EU Platform on Blending in External cooperation.

a) Transport

- Length of new or upgraded roads;
- Users of new or upgraded roads;
- Length of new or upgraded railways;
- Rail use;
- Length of new or upgraded public transport lanes;
- Public transport users;
- Port terminal capacity (passenger, container or cargo);
- Ports: Terminal(s) user traffic (passenger, container or cargo);
- Airport terminal capacity and
- Airport use

b) Environment/Water and Sanitation

- Length of new or rehabilitated water supply pipes;
- Population benefitting from safe drinking water;
- Length of new or rehabilitated sewer pipes installed;
- Population benefitting from improved sanitation services;
- New connections to water supply;
- Potable Water Produced;
- Water treatment capacity;
- Wastewater Treated and
- Wastewater treatment capacity

c) Energy
- Transmission and distribution lines installed or upgraded;
- Population benefitting from electricity production;
- New connections to electricity;
- Power production;
- Additional capacity from conventional electricity production;
- Variation in CO_2 emissions;
- Additional capacity from renewable energy sources and
- Energy efficiencies

d) Social Sector (social housing, health, education)
- New and/or refurbished habitable floor area;
- Population benefitting from improved housing, conditions;
- New and/or refurbished health facilities;
- Bed occupancy rate;
- New and/or refurbished educational facility;
- Inpatients;
- Outpatients consultations and
- Students benefitting from new and/ or refurbished educational facility

e) Trade and Private Sector Development
- For direct operations: access to finance: number of units served among relevant target group;
- For indirect operations: access to finance: number of units served among relevant target group;
- For direct operations: access to finance: Amount of outstanding loans to relevant target group;
- For indirect operations: access to finance: Amount of Outstanding Loans to relevant target group;
- For indirect operations: access to liquidity/capital: volume of new loans made available to financial intermediaries (e.g. banks, microfinance institutions, funds);
- For direct operations: number of MSMEs reporting increased turnover (as a result of direct support received from the FIs) and
- For both direct and, where feasible, indirect operations: Number of jobs sustained (resulting from the project)

f) Cross sector indicators
- Total number of beneficiaries;
- Number of beneficiaries living below the poverty line (whose living conditions are improved by the project);
- Variation CO_2/Greenhouse gases and
- Jobs sustained / created.

4.7. Evaluation and audit

At the level of the individual operations, monitoring, evaluation and audit tasks will be carried out under the responsibility of the Lead Financial Institution and will be organised according to the requirements of each project. In addition, the Commission reserves the right to undertake external audits in accordance with international standards.

Operations can be the subject of financial control by the Commission (including by OLAF) as well as by the European Court of Auditors.

4.8.Communication and visibility

The European Commission and its implementing partners will abide by the visibility rules for European Union financing as per relevant provisions in the respective project agreements and contracts. For each individual project, a communication plan will be prepared by the lead FI, allowing the involvement of the EU Delegations at key stages of the projects having visibility potential. Additional communication measures might be taken if necessary. The European Commission will publish an annual activity report providing an overview of the financed projects.

Appendix 1: LAIF Indicative Pipeline 2014 - 2015

Country	Lead Finance Institution	FIs consortium composition	Operation's Title	2014 LAIF Contribution		Indicative timing
				TA and/ or studies	Grants	
Brazil	KfW	BID	Solar-Thermal Power Plant	0,0	8,0	provisional approval in Q2 2014, final approval in Q4 2014
Brazil	EIB	tbd	Sao Paulo Power Distribution-Elektro II	-	tbd	Second half of 2014
Chile	EIB	tbd	Punta Sierra Wind park	-	tbd	First half of 2014
Chile	EIB	tbd	Chile CCFL	-	tbd	First half of 2014
Colombia	EIB	tbd	Urban Infrastructure in Medellin	-	5	Second half of 2014
Colombia	AFD	BID	Social protection reform	4	4	S1 2014
Ecuador	EIB	EIB, CAF	Global Loan/Loan for water and waste management projects	-	5	First half of 2014

El Salvador	EIB	EIB, BID	Sitramss Public Transport San Salvador	-	tbd	2014
El Salvador	EIB	tbd	Climate Change Loan to El Salvador	-	5	2014
Honduras	EIB	EIB, CABEI	La Esperanza Road Project	-	5 to 6	First half of 2014
Mexique	AFD	BM	Energy transition	4	3	S2 2014
Mexique	AFD	CAF	Interurban sustainable transport	10	0	S1 2014
México	KfW	open (BID, WB, other parties currently financing biodiv. in Mex.)	Sustainable financing of the federal protected areas system	0,0	10,0	provisional and final approval in **2015**
Nicaragua	EIB	EIB, BCIE	El Barro Hydroelectric Plant Construction	-	tbd	2014
Nicaragua	EIB	EIB, BCIE	La Sirena-Los Calpules Hydroelectric Plant	-	tbd	2014

Panama	EIB	tbd	Second Panama Metro Line	-	5 to 6	2014
Peru	KfW	AfD	Urban Transport	3	0	planned appraisal II Q 2014, contract I Q 2015
Regional	KfW	CAF / BCIE	Geothermal Risk Mitigation and Investment Financing Facility (Grant-based Exploration Risk Mitigation Fund & Investment Financing Window)	4,0	16,0	provisional approval in Q4 2013, final approval in 2014
Regional	KfW	CAF	Programa de Eficiencia Energética	2,0	8,0	Provisional approval in Q4 2013, approval in 2014

Total amount indicated for LAIF support	***101***