



A catalyst for
investment
in Latin America



ABOUT LAIF

The Latin America Investment Facility (LAIF) is one of the European Union's regional blending facilities, aiming to mobilize funding for development projects by combining EU grants with financial resources from European and regional financial institutions, governments and the private sector.

The purpose of LAIF is to help Latin American countries finance projects in key sectors that are essential for the achievement of the Sustainable Development Goals, such as energy, environment, water, transport, social services, and support to small and medium-sized enterprises (SMEs).

LAIF has three main interconnected and mutually reinforcing strategic objectives:

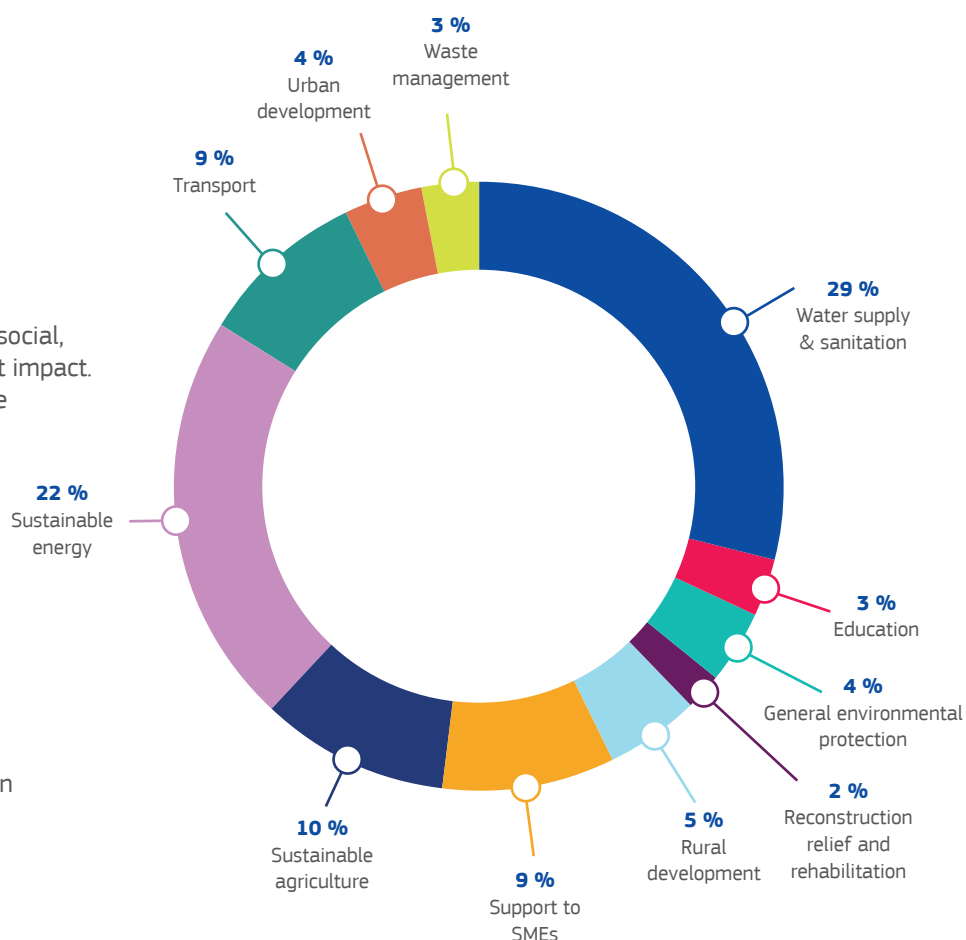
- Improving the quality of infrastructure in Latin American countries, including energy efficiency, renewable energy systems, and sustainable transport and communication networks.
- Increasing environmental protection and supporting climate change adaptation and mitigation.
- Promoting equitable and sustainable socio-economic development through improvements to social service infrastructure and support to SMEs.



Sectors financed by LAIF

LAIF supports projects in areas that have social, economic and environmental development impact. The current portfolio of projects covers the following sectors:

- Water supply and sanitation
- Transport
- Sustainable energy
- General environmental protection
- Support to SMEs
- Sustainable agriculture
- Urban development
- Rural development
- Waste management
- Reconstruction relief and rehabilitation
- Education



How does LAIF work?

LAIF sets up partnerships, pooling grants and other resources from the EU and using them to leverage loans from multilateral and bilateral European finance institutions (such as AECID, AFD, EIB, KfW) as well as from regional and multilateral development banks (such as CABEI, CAF, IDB). These resources are often pooled together with contributions from partner countries and beneficiary institutions in Latin America.

The Commission and the Member States decide whether to approve funding, following criteria based on development impact (SDGs), additionality (added value and leverage) and innovation.

Implementation of both the LAIF grant component and the credit component is managed by the corresponding European development bank. Project follow-up is assured by the European Delegation in each country, supported by LAIF headquarters.

LAIF financing modalities

LAIF offers:

- **Technical assistance**, tailor-made to meet specific project needs during both design and implementation phases. This helps to ensure the quality, efficiency and long-term sustainability of projects.
- **Investment grants** that can finance specific components of a project or a proportion of total project cost, thereby reducing the amount of partner country debt.
- **Financial instruments** such as debt, equity and guarantees, which can mobilize additional funding from other parties.

The program allows the European Union to engage in projects that would have been outside the scope of conventional development cooperation instruments, in a region where an increasing number of countries are in need of different approaches, instruments and forms of tailored support for investment.

Partners for the development of Latin America

LAIF works in partnership with:

- **European finance institutions:** currently the portfolio is managed by the European Investment Bank (EIB), the French Agency for Development (AFD), the Spanish Agency for International Development Cooperation (AECID), and KfW Development Bank. However, other EU bilateral financial institutions are eligible.
- **Regional and multilateral development banks:** the Central American Bank for Economic Integration (CABEI), the Development Bank of Latin America (CAF) and the Inter-American Development Bank (IDB) are the main implementing partners and/or co-financiers.
- **Other actors:** national governments, the private sector, and national development banks can co-finance or implement specific investments.

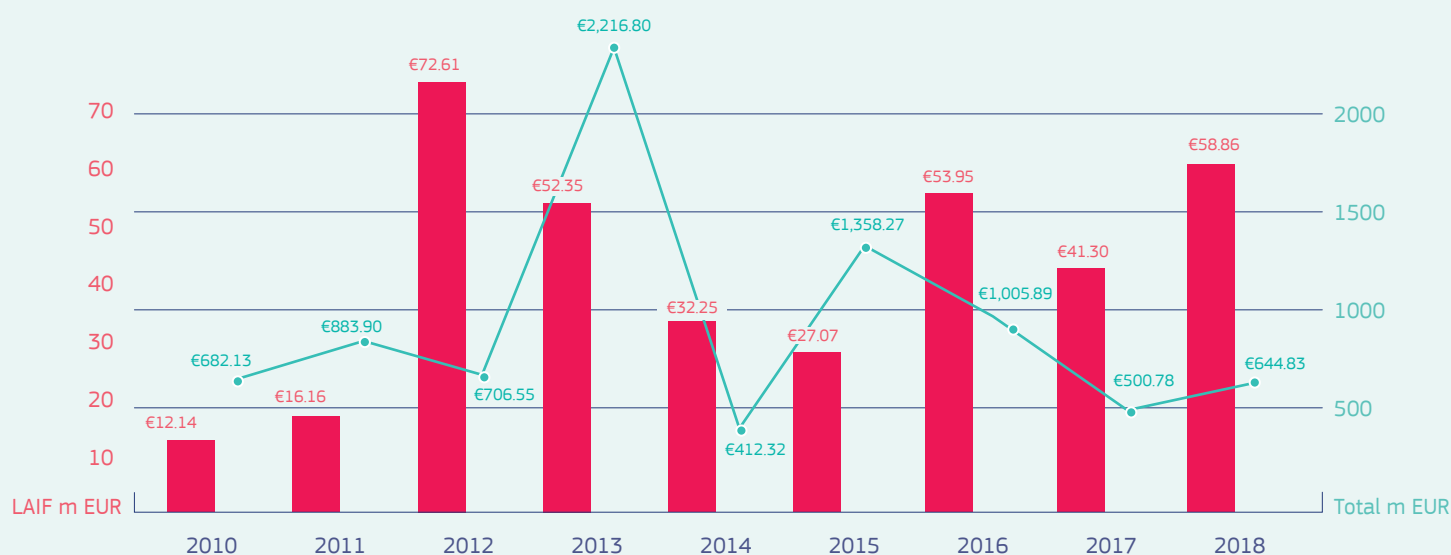
FACTS & FIGURES

Since the launch of LAIF at the sixth European Union - Latin America and Caribbean (EU-LAC) Summit in 2010, **43 projects** (28 bilateral and 15 multi-country) have been launched, representing a total investment cost of approximately 9.017 billion euros with an EU LAIF contribution of **over 377.7 million euros**.

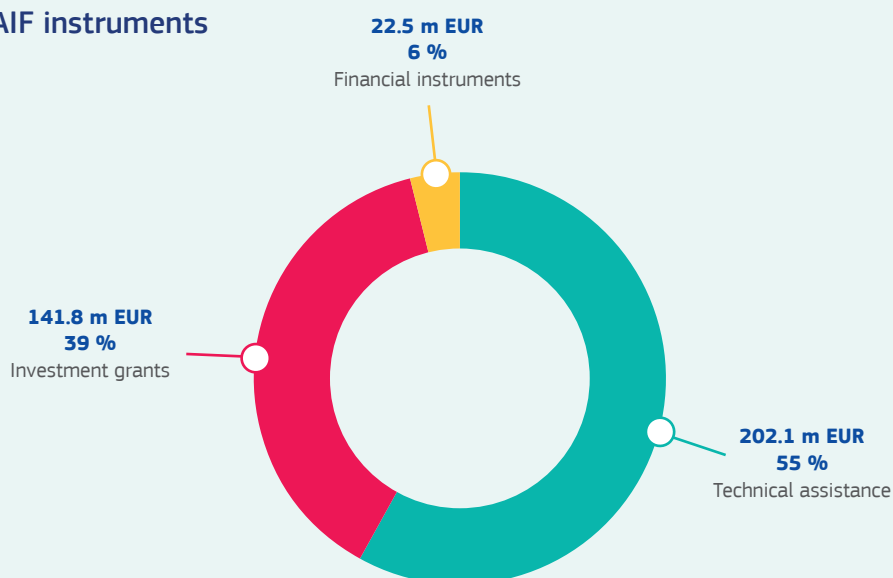
Of these 43 projects, at the beginning of 2019, **15 were located in the seven lowest income countries** in the region – Bolivia, Cuba, Ecuador, El Salvador, Honduras, Nicaragua and Paraguay – representing **67 % of the LAIF funds contracted**.

For each euro provided by LAIF, an average of **24 euros of investment was committed** by its partners. Annually, LAIF has committed around **50 million euros** and has signed between five and six new contracts per year.

Total vs LAIF investment (m EUR)



Modalities of LAIF instruments (m EUR)





Results to date

Since LAIF's inception, **seven bilateral and two multi-country projects have been completed**. Through these initiatives LAIF has contributed to:

- **reducing deforestation and improving the management of water resources** in two low-income Mexican regions, through investment support to six inter-municipality associations;
- supplying **power to poor rural areas in Nicaragua** by constructing three electrical sub-stations and their corresponding transmission lines; installing **an additional 80 MW of hydropower generation in El Salvador**; and improving **the quality of electricity distribution in Rio Grande do Sul** in Brazil;
- providing funding for **16 mobility studies**, covering **more than 20 cities in South American countries**, and for 31 projects to improve **urban planning capability** in 18 medium-sized towns in Colombia, as well as improving the design, quality management and safety of **17.3 km of rural roads in a poor region of El Salvador**;
- enhancing **energy conservation investment in SMEs and MSMEs** across Central America **through 72 audits and 27 feasibility studies**, as well as carrying out 43 technical assistance (TA) initiatives for companies through local networks;
- financing the **creation of 70 innovative enterprises** and 12 projects supporting financial institutions in the innovation field through lending to **6,107 micro- and small to medium-sized enterprises (MSMEs)**, thereby **generating around 9,700 jobs**.

LAIF has benefited 35 million people in Latin America, 6% of its population

LAIF has contributed to reduce CO2 emissions in the region by 8.5 million tons per year



17 BENEFICIARY COUNTRIES

LAIF is currently funding projects in 17 Latin American countries:

Mexico

€14.56 million

3 projects

El Salvador

€10.36 million

2 projects

Costa Rica

€3.67 million

1 project

Ecuador

€37.56 million

4 projects

Peru

€8.95 million

2 projects

Bolivia

€35.49 million

3 projects

Ongoing projects

Thirty-four other LAIF projects are in progress in Latin America, most of them due for completion before 2023, including:

- developing **geothermal energy** across the whole of the Andes region, **providing grants for studies and drilling operations** for selected power projects;
- promoting **green investments in 580 companies, covering sustainable agriculture, forestry, fishery and ecotourism sectors** in several countries;
- creating jobs in **800 MSMEs and supporting innovation in 480 new enterprises, one hundred of them led by women;**
- enabling the construction of the **first concentrated solar power plant** in South America, with a targeted capacity of at least 50 MW in Chile, as well as the first large-scale **photovoltaic power plant** (50MW) connected to the national grid in Bolivia;
- promoting **energy efficiency in the residential sector**, financing new designs, materials and techniques for social housing in Mexico and Peru;
- helping FCAS (*Fondo de Cooperación para Agua y Saneamiento*) design and implement water, sanitation and hydrological master plans and pre-investment studies **to enhance infrastructure investment and mitigate the effects of climate change** across the whole region;
- facilitating **long-term finance for renewable energy projects and increasing access to credit for MSMEs, through the issuing of Partial Risk Guarantees** and the carrying out of 100 energy project studies and audits;
- enhancing **urban solid waste management in several municipalities** in an outlying province of Argentina through a new waste collection and treatment system to recover energy and materials;
- **responding to natural disasters**, such as the earthquake in Ecuador;

and at the same time, ensuring that reducing the impact of climate change and improving the local environment are addressed in all projects.



Additional information and how to contact us

LAIF assists interested stakeholders with the presentation of projects to European development finance institutions through the Delegations of the European Union in each country.

Check our website for more information about the LAIF program:

www.eulaif.eu

Follow us on:



or email us at:

info@eulaif.eu

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