

EIB Group activity in **LATIN AMERICA AND THE CARIBBEAN** 2021

- Climate change mitigation and adaptation finance in the region
- Finance for healthcare to help tackle the COVID-19 crisis
- Team Europe collaboration to deliver development finance in Latin America and the Caribbean

The European Investment Bank (EIB), the EU bank, continued to support Latin America and the Caribbean, providing €742 million of financing for 11 projects in 2021. These funds contribute to sustainable and inclusive development in the region, and to promoting climate action.

The majority of EIB loans in the region in 2021 were provided for public sector borrowers, with a climate action and environmental sustainability focus. In addition, in 2021 the EIB supported the renewable energy sector through loans to two private sector project developers totalling €315 million. The EIB also continued to provide COVID-19 support through direct sovereign loans to purchase vaccines and improve health resilience.

The **Team Europe** package supports the most vulnerable countries and the people most at risk outside the European Union, including in Latin America and the Caribbean. The EIB continued to support Team Europe by providing financing to the healthcare sector and to the broader economies of partner countries to enable a strong recovery and ensure sustainable and resilient development in the region.





The EU bank: development partner in Latin America and the Caribbean

As part of Team Europe, the EIB promotes EU priorities with Latin America and the Caribbean countries by supporting public and private sector investment projects in the region via:

- Lending: medium and long-term loans granted on attractive terms, and other financing products such as guarantees, loan substitutes and equity.
- Blending: the EIB partners with the European Commission to blend its loans with grants from the Latin America Investment Facility and Caribbean Investment Facility.
- Advisory services: the EIB deploys its administrative and project management capacity to facilitate investment.

To enhance its support for sustainable investment in the region, the EIB collaborates with other international financial institutions, in particular the Caribbean Development Bank (CDB), the Central American Bank for Economic Integration (CABEI), the Development Bank of Latin America (CAF), the Inter-American Development Bank (IDB) and the World Bank.

The EIB is working closer than ever with its EU partners under the “policy first” principle and as part of the Team Europe approach, participating actively in the ongoing programming process led by the European External Action Service (EEAS), and providing a significant contribution (€6.7 billion) to the European Union’s global response to the COVID-19 crisis.

When deployed through the EIB, EU funds are under the direct and immediate control of the European Union and its Member States. This system has proven to be a powerful tool in delivering on existing and emerging priorities, enabling the European Union to generate long-term credibility with partners and to boost the overall attractiveness of what the European Union can offer partner countries.

In September, the EIB’s Board of Directors, which represents the Bank’s governors — finance ministers from the 27 EU Member State shareholders — approved a proposal to set up a development branch to increase the impact of its activities outside the European Union. The new branch, **EIB Global**, enables the EIB to boost Europe’s strategic autonomy by having more experts on the ground, and to be a more effective partner for other multilateral and national development banks.

The EIB began investing in Latin America in 1993, and since then has financed 150 projects in 15 countries, providing over €11.4 billion. The EIB has been working in the Caribbean since 1978, granting almost €2 billion in financing for 221 operations.



Response to the COVID-19 crisis

Finance for healthcare — Argentina and Barbados

Since the outbreak of the coronavirus pandemic in Europe, the EIB has moved quickly to make emergency financing available to European businesses, and to support medical research and the development of a cure and vaccines for the disease, one of which was backed by the EIB (BioNTech). The pandemic has highlighted the urgent need to support the healthcare sector, in particular to help roll out vaccines in regions that have been hit hard by the virus.

The EIB is working with the Argentinian government to provide \$100 million to the country to help purchase vaccines and roll out vaccination campaigns in line with the national vaccine deployment plan. In Barbados, the EIB is partnering with the national government to provide €50 million (\$60 million) for COVID-related emergency healthcare expenditure. The EIB loan will help cover the costs of strengthening Barbados' public health system, including treatment capacity for COVID-19 patients, lab capacity and equipment, quarantine facilities, IT equipment, vaccine storage, contact tracing systems, and logistics, transport and monitoring activities. The financing is helping to relieve the financial burden of increased healthcare expenditure during a time of economic hardship.

The bank also partnered with the Caribbean Development Bank (CDB) to provide €30 million (\$36 million) to CDB's Borrowing Member Countries (BMCs) for health-related emergency expenditure, including the purchase of vaccines against COVID-19, investments in healthcare, and efforts to limit the spread of the virus.



CLIMATE ACTION



Climate change mitigation and adaptation

In 2020, the EIB Group adopted the Climate Bank Roadmap to strengthen its role as the EU climate bank, in line with the main priority of the EIB in Latin America — to support projects contributing to climate change mitigation and adaptation (such as renewable energy, energy efficiency, water and sanitation, and climate-resilient infrastructure).

In 2021, the EIB signed its first ever **flood protection loan** agreement in Argentina. The new \$110 million 25-year EIB loan will support integrated water resource management in the Salado River Basin in Buenos Aires. The programme is co-financed by a \$111.6 million loan from the World Bank. The flood protection programme will help to reduce the negative impact of floods and droughts on the basin's economy and develop the wetlands. The loan will benefit 1.4 million people currently at risk from flooding in Buenos Aires.

The EIB and **ENEL** are funding a number of renewable energy generation and energy efficiency programmes in Latin America, primarily in Brazil, Peru and Chile. These include adding generation capacity from renewable sources, and upgrading electricity networks to improve their climate resilience.

In Brazil, a €200 million loan to finance renewable energy projects will enable Neoenergia to build a wind farm and photovoltaic power plant, and will finance additional renewable energy generation facilities across the country.

The new agreement will support a series of onshore wind farms grouped into two clusters located in the Brazilian states of Paraíba, Piauí and Bahia, as well as a solar photovoltaic plant to be built in Paraíba approximately 10 km away from the wind cluster. The overall installed capacity is 574 MW (425 MW of wind power and 149 MW of solar power).



Regional funds

Supporting the climate via funds across the region

Working with investment funds across the globe, the EIB supports fund strategies which also target Latin America. The EIB has provided a senior equity investment of €50 million to the **Emerging Market Climate Action Fund (EMCAF)**, a new fund of funds with a target size of €500 million managed by Allianz Global Investors and advised by the EIB. It will invest in funds that finance climate mitigation and climate adaptation, as well as environmental sustainability projects in developing countries.

The Bank is also partnering with a private equity fund, investing in small and medium-sized enterprises (SMEs) that promote climate action and environmental sustainability in Latin America. The \$200 million **GEF Latam Climate Solutions Fund** will help to achieve the Sustainable Development Goals (SDGs), particularly those that aim to limit climate change. The fund aims to provide equity and quasi-equity support to private companies (SMEs) active in Latin America (especially Brazil) that promote climate action and environmental sustainability.

The Bank is supporting the \$150 million **Latam Energy-Efficient Housing Fund**, which will develop energy-efficient affordable housing and social infrastructure assets in the healthcare and education sectors in Colombia and Peru. The projects will have a positive impact on the environment as they will be developed according to the EDGE (Excellence in Design for Greater Efficiencies) green housing standards for resource and energy efficiency. An innovation of the International Finance Corporation (IFC), a member of the World Bank Group, EDGE empowers emerging markets to scale up resource-efficient buildings in a fast, easy and affordable way. EDGE enables developers and builders to quickly identify the most cost-effective ways to reduce energy use, water use and embodied energy in materials.





First EIB investment in El Salvador

Supporting microenterprises affected by COVID-19

The EIB supports micro, small and medium-sized enterprises in Latin America and the Caribbean through various financial instruments deployed via partnership agreements with intermediaries, mainly development banks. The aim is to support the private sector and foster secure and efficient banking systems by providing smaller companies with access to credit. This is vital for putting their investment plans into practice, even more so because these smaller companies are the largest employers in Latin America and are the most vulnerable to economic shocks.

2021 saw the EIB make its first investment in El Salvador. The Bank is providing a \$40 million framework loan to El Salvador's development bank, **Banco de Desarrollo de El Salvador (BANDESAL)**, to finance small businesses and climate action investment projects, primarily in the renewable energy and energy efficiency sectors.

The \$40 million loan, granted to the country's main development bank, will be channelled directly to businesses either by BANDESAL or through one of its development funds — the Economic Development Fund (FDE). \$20 million will support investments that increase the use of renewable and energy efficiency projects (including solar photovoltaic, biogas and mini hydro projects). Up to 50% of the credit line will provide support to small and medium enterprises impacted by the current economic challenges of COVID-19.

The EIB is partnering with **Ecuador's development bank, Banco de Desarrollo del Ecuador (BDE)**, to improve water and sanitation networks in the country. A \$100 million EIB loan will partially finance the construction and rehabilitation of water supply, wastewater and stormwater networks across the country under Ecuador's national *Agua y Saneamiento para Todos* (water and sanitation for all) programme.

The EIB loan will enable the construction of sewer networks, wastewater treatment plants and stormwater networks in several coastal areas, thus reducing the amount of plastic that ends up in the Pacific Ocean. This loan will contribute to the implementation of the **Clean Oceans Initiative**. The EIB and Banco de Desarrollo del Ecuador are partnering with Germany's GIZ under the **FELICITY initiative**. FELICITY is a project preparation facility funded by the German International Climate Initiative (IKI) and implemented in cooperation with GIZ. The initiative helps project developers in cities to provide feasibility studies and other preparatory measures, and provides capacity-building support to Banco de Desarrollo del Ecuador.



Overall EIB Group achievements in 2021

Total EIB Group financing

Projects approved by the EIB Group amounted to

€76.8 billion

Number of jobs

sustained in SMEs/mid-caps

4.2 million

Green financing

made up

40%

of total lending

Population with safer drinking water

across the globe

29.6 million

COVID-related financing

EIB Group COVID-19 support totalled

€25.46 billion

Population with improved sanitation

across the globe

15.5 million

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