

Blending outside the EU

Combining EIB finance with grants from EU Regional Blending Facilities

The case of Latin America Investment Facility (LAIF) and Caribbean Investment Facility (CIF)

EIB: the bank of the European Union

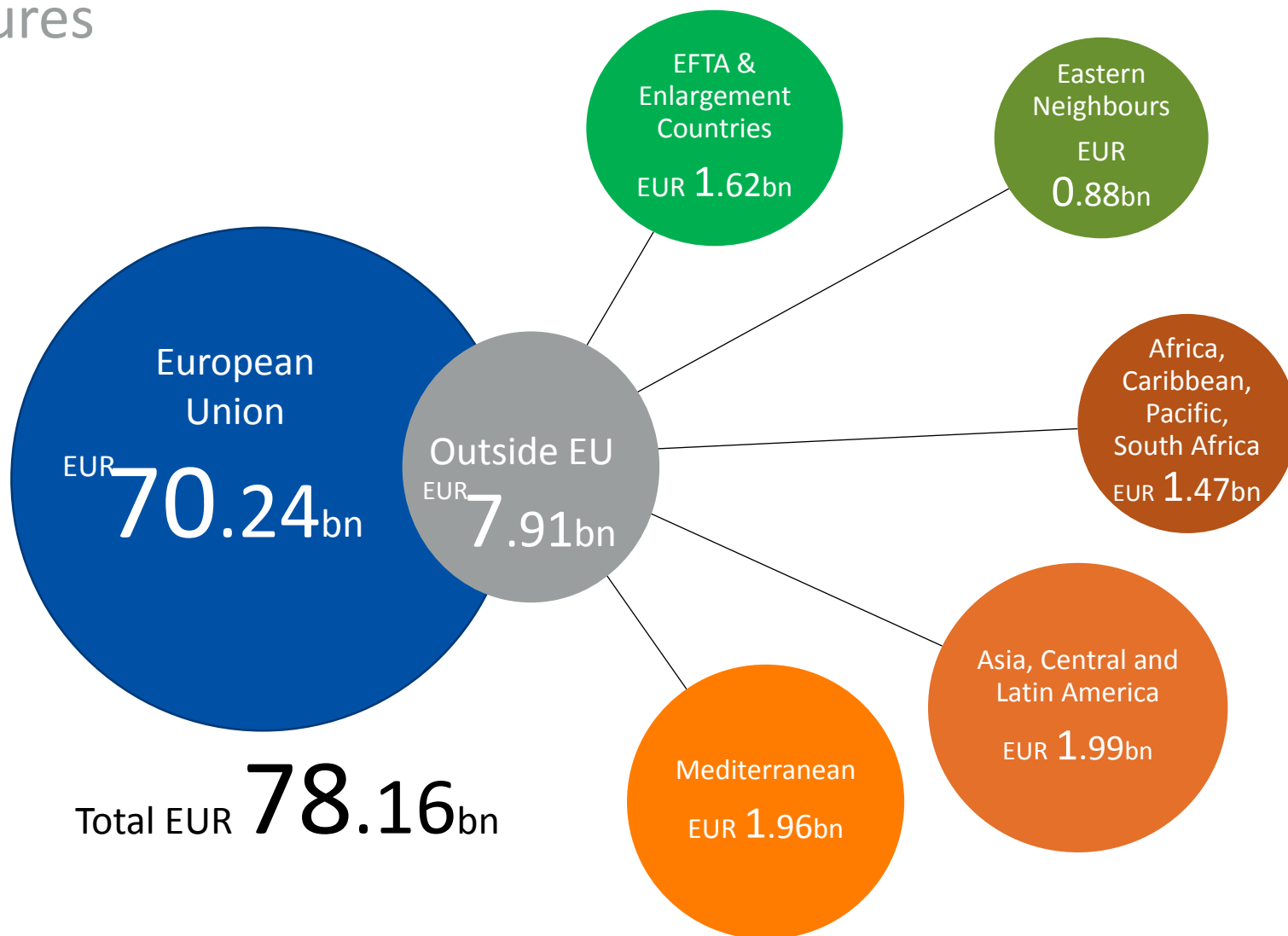
The EIB is the EU's bank for long-term lending operations. The EIB's remit is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. Since 1963, the EIB has also carried out operations outside the EU in support of the EU's external policies.

- ❖ **Established in 1958** by the Treaty of Rome. The shareholders of the Bank are the EU's Member States.
- ❖ **The largest multilateral lender** and borrower in the world.
- ❖ The Bank raises its resources by borrowing on the capital markets.
- ❖ It passes on its **favourable borrowing terms** to its customers.
- ❖ Some 450 projects are financed each year, in over 160 countries. **In 2017, EIB Group signed operations worth EUR 78.2 bn, of which EUR 7.9 bn outside the EU.**
- ❖ The EIB's headquarters are in Luxembourg supported by 40 local offices worldwide, **about half of it outside the EU.**
- ❖ The Bank has around 3,000 financial specialists, engineers, sector economists and social and environmental experts.



EIB Group financing in 2017: EUR 78.16bn

Signatures



Our priorities

Environment



EUR



16.9bn

Infrastructure



EUR



19.7bn

Innovation



EUR



13.5bn

SMEs



EUR



33.6bn

Climate finance pioneer

EUR **19** bn
for climate
in 2017

USD **100** bn
2016-2020

EIB products

We help catalyse investment

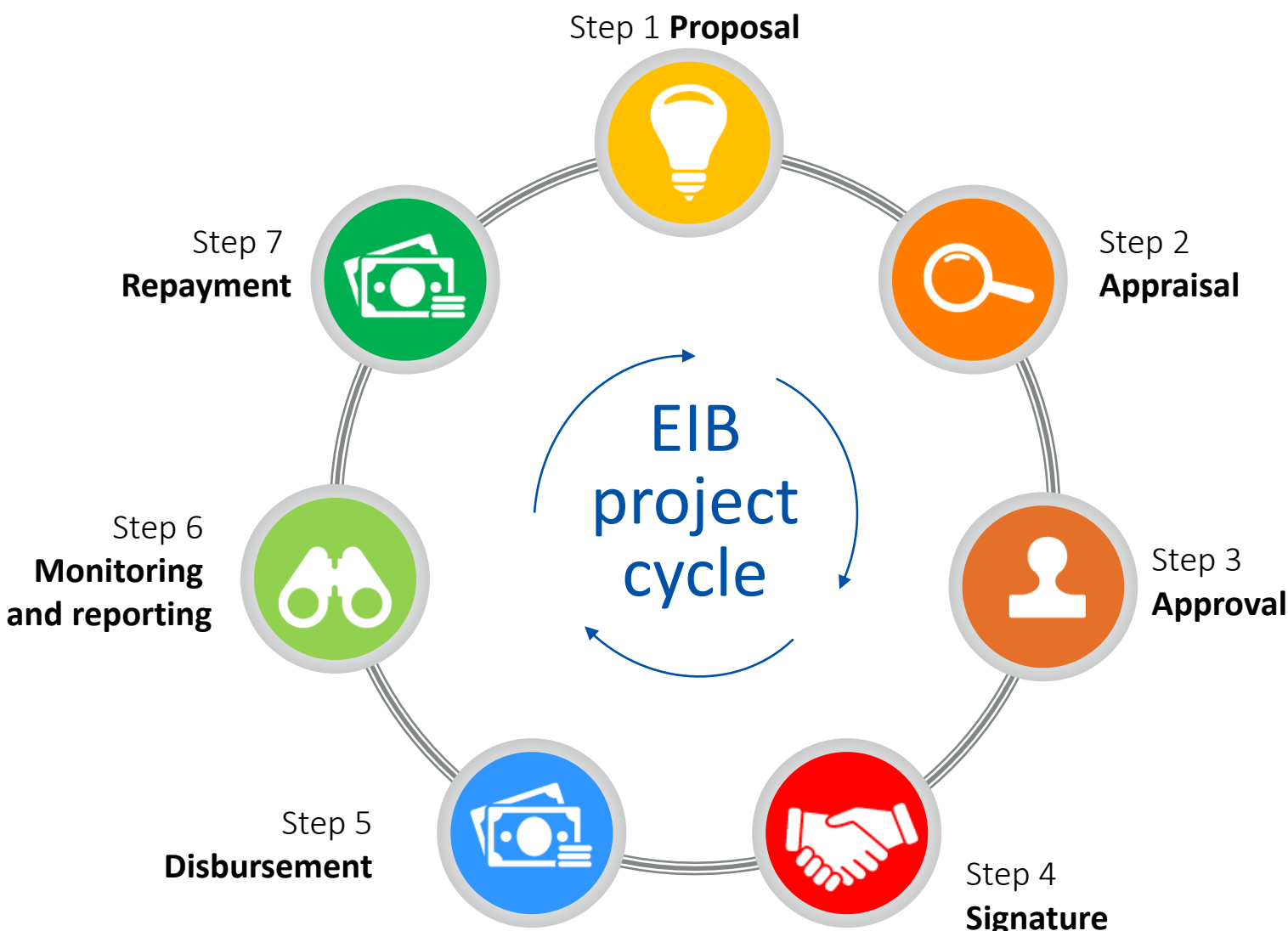
LENDING	BLENDING	ADVISING
Loans But also: Guarantees Equity participation	Combining EIB finance with grants, i.e. from the EU budget: <ul style="list-style-type: none">- High impact finance- Higher risk projects for innovation	Prepare, evaluate and support the implementation of projects/ investment programmes Support for public/private partnerships Capacity building

Attracting FUNDING for long-term growth

What is blending?

- ▶ The use of grants to facilitate the financing from international financial institutions and other public and private resources to enhance the development impact of investment projects by accelerating investments and **Leverage**.
- ▶ Blending at EIB: Combining EIB finance with grants from Donors such as the EU, MS, GCF or others.
- ▶ **Instruments:** Technical Assistance, Investment Grants, Interest Rate Subsidies, Financial Instruments/Guarantees
- ▶ Process: Application form → Technical Assessment Meeting → Board Meeting → Delegation Agreement → Grant Agreement and TA Cooperation Agreement → Monitoring → Annual reporting → Completion

Blending throughout the project cycle: use of TA and IG grants



Technical Assistance grants for:

- **Project identification and preparation**
- **Capacity building** for Promoters and other stakeholders in the project
- **Project implementation and monitoring**

Investment grants for:

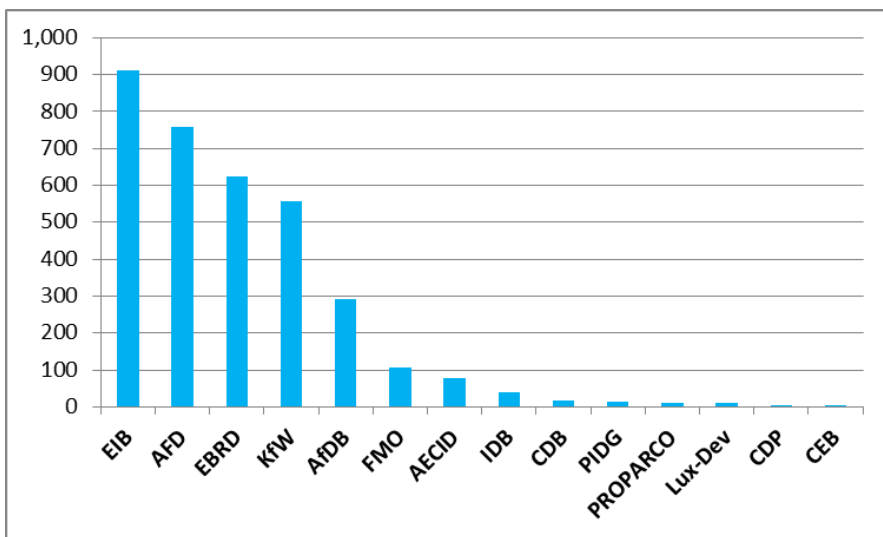
- Specific components with high social, environmental & economic benefits
- Concessionality requirements

Blending EU grants for external cooperation - EU Regional blending facilities



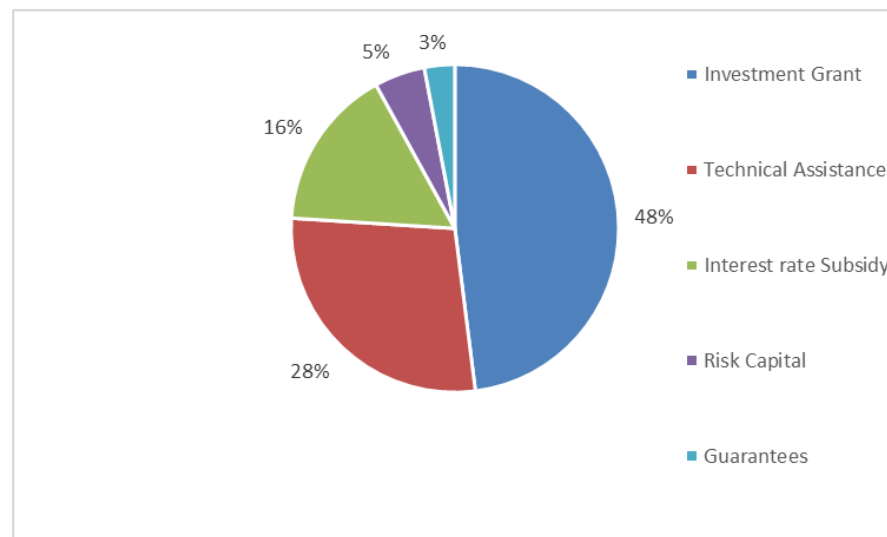
Blending operations under EU Regional Blending Facilities (2007-2016)

EU Contribution by Financial Institution (EUR million)



Source EC

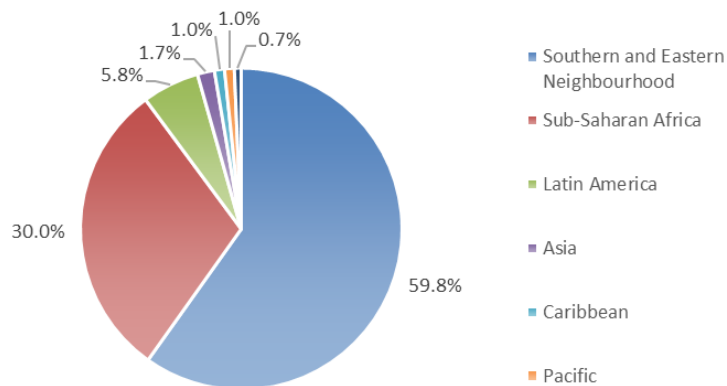
Global Share of Blending Instruments



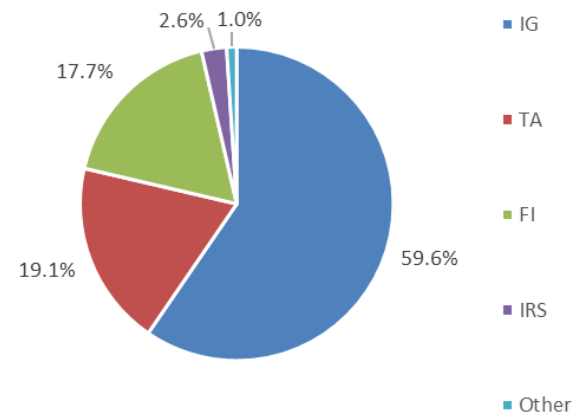
Source EC

Key Figures for EU grants where the EIB is the lead financier (2017)

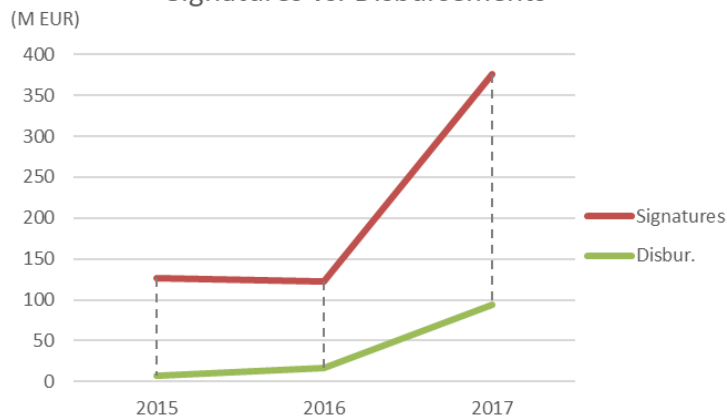
Breakdown by Region



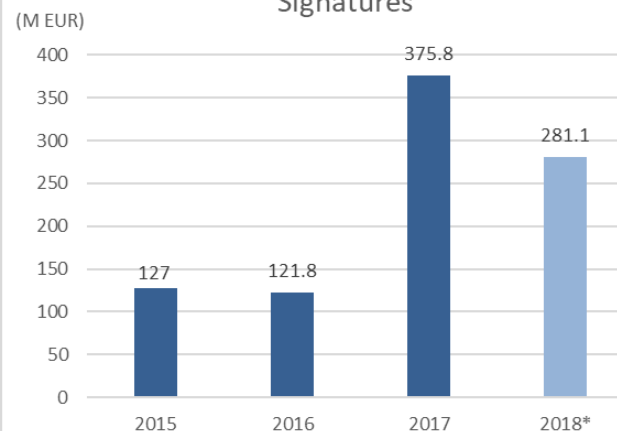
Breakdown by Instrument



Signatures vs. Disbursements



Signatures



Blending operations under Latin America Investment Facility (LAIF)

LAIF

- ▶ supporting sustainable growth in Latin American countries by financing key projects in the areas of energy, agriculture, transport, environment, climate change, SMEs, Information and Communication Technologies and social services.
- ▶ with a view to improving interconnectivity between and within Latin American countries, increasing environment protection and supporting climate change adaptation and mitigation and promoting equitable and sustainable socio-economic development.
- ▶ The facility size is of some **EUR 350m** for the 2014-2020 period.

EIB Blending operations under LAIF

Projects under implementation

Project title	Country	Sector	Type of grant	Signature Date	EUR m
Honduras Sustainable Roads project	Honduras	Transport	TA and IG	23/12/2015	10,0
Sustainable Electrification and Renewable Energy National Programme (PNESER)	Nicaragua	Energy	IG	22/07/2016	7,0
Yacyreta Transmission Line, Loss Reduction and Access to Energy Project	Paraguay	Energy	IG	22/07/2016	10,0
Road F-21 Tranche Uyuni-Tupiza Project	Bolivia	Transport	IG	22/07/2016	7,9
Ecuador Post Earthquake Reconstruction Framework Loan	Ecuador	Post-disaster reconstruction	TA	20/12/2017	7,0
Integrated Waste Management	Argentina	Waste management	IG and TA	28/12/2017	11,3
TOTAL					53,3

EIB Projects in Latin America with LAIF support

ARGENTINA: Integrated Waste Management in Jujuy province

- EIB Loan: \$ 45 m, Signature: 23.03.2018
- Implementation of an integrated waste management system for the collection, treatment and safe disposal of municipal solid waste generated within the province of Jujuy – Argentina.
- Benefit/SDG: substantially reducing waste generation through prevention, reduction, recycling, and reuse; reducing the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination.



LAIF support:

- Technical Assistance (€ 3 m): preparation, implementation and monitoring of the Project, and capacity building of the Promoter;
- Investment Grant (€ 8 m): close the financing gap of the project costs.

Total budget: \$ 120 million

LAIF: € 11,350 million

Lead FI: EIB \$ 45 million

Co-financiers:

IADB: \$ 14,3 million

EIB Projects in Latin America with LAIF support

BOLIVIA: Road F-21 Tranche Uyuni-Tupiza

- EIB Loan: € 50 m, Signature: 27.06.2014
- Construction/update of a 188.3 km single carriageway road between Uyuni and Tupiza in southern Bolivia.
- Ruta F-21 and part of South-Central corridor, which connects Bolivia with neighbouring countries.
- Benefit/SDG: increased connectivity, diversification of exports, regional development (increase in tourism, lower agricultural prices and social inclusion).

LAIF support:

- Investment Grant (€ 8 m): funds a number of safety features, to attain higher safety standards.



Total budget: € 129.5 million

LAIF: € 7,945 million

Lead FI: EIB € 50 million

Co-financiers:

CAF: € 33 million

Other: € 38.5 million

EIB Projects in Latin America with LAIF support

ECUADOR: Post-Earthquake Reconstruction Framework Loan

- EIB Loan: \$ 175 m, Signature: 14.11.2016
- The multi-sector framework loan supports the integrated rehabilitation and reconstruction of the province of Manabi, particularly on the sub-region of Portoviejo, which is one of the regions most affected by the recent earthquake.
- The reconstruction will follow an integrated territorial approach aiming at restoring, and where possible improving, the population's living conditions
- Benefit/SDG: reestablishment of basic public services and of livelihoods, support to regional GDP growth; and political stability, governance standards and social cohesion.

LAIF support:

- Technical Assistance Grant ensures efficient project implementation and will help the different entities to cope with the exceptional circumstances.



Total budget: \$ 175 million

LAIF: € 7 million

Lead FI: \$ 175 million

EIB Projects in Latin America with LAIF support

REGIONAL: Fonplata Regional Framework Loan

- EIB Loan: € 50 m
- The Framework Loan aims at supporting multi-sector projects targeting extreme poverty and climate change resilience in the sub-region eligible for Fonplata financing, which comprises the River Plata Basin (i.e. part of Argentina, Bolivia, Brazil, Paraguay and Uruguay).
- Benefits/SDG: increased climate resilience and reduced poverty.

LAIF support:

- Technical Assistance grant to upgrade Fonplata's environmental and social standards and support to final beneficiaries, i.e. municipalities to apply E&S standards and climate resilience considerations.



Total budget: € 100 million

LAIF: € 2,39 m

EIB: € 50 m

Co-financiers:

Other: € 50 million

Blending operations under Caribbean Investment Facility

- ▶ The main purpose of the Caribbean Investment Facility (CIF) is to contribute to economic development and growth, integration at regional level and poverty reduction through the mobilization of resources for strategic economic infrastructure projects and for support to the private sector.
- ❖ **Strategic objectives:**
 - ▶ Promoting sustainable economic development and growth
 - ▶ Fostering regional integration
 - ▶ Promoting poverty reduction.
- ❖ **Eligible sectors:** key infrastructure (i.a. transport, water and sanitation, energy, ICT) and local private sector development (SMEs).
- ❖ The facility size is of some **EUR 135 million** for the 2014 – 2020 period.

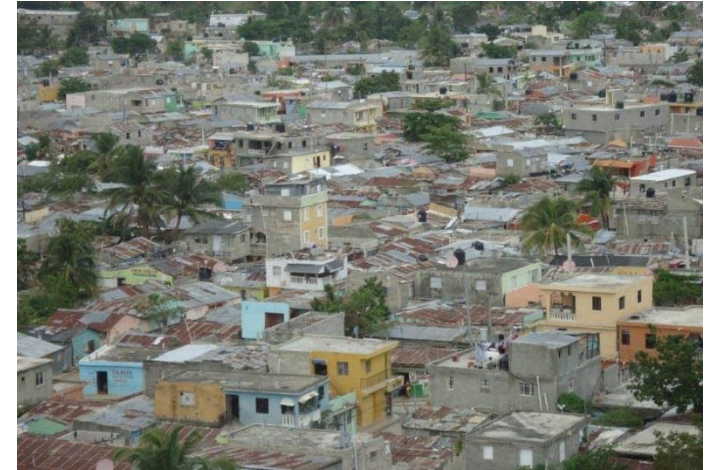
EIB Projects in the Caribbean with CIF support

Dominican Republic: CDEEE Loss Reduction Programme

- EIB Loan: \$ 100 m, Signature: 01.06.2016
- The project aims at improving the electricity distribution system and availability of power in DR.
- Largest EIB loan in the Caribbean region to-date.
- Benefit/SDG: Development of Social and Economic Infrastructure.

CIF support:

- Investment Grant supporting investments in the Santo Domingo Este municipality, where a high concentration of population lives below the poverty line.



Santo Domingo Este – Area covered by CIF financed component

Total budget: \$ 230 million

CIF: € 9.3 million

EIB - \$ 100 million

Co-financiers:

IBRD: \$ 120 million

Concluding remarks

- ▶ EIB is committed to enhance its support to EU policies and, to that effect, adapts its origination to ensure appropriate geographical and sectoral targeting in line with EU priorities.
- ▶ EIB is reinforcing its local presence in LAC (Bogota, Santo Domingo and Barbados).
- ▶ EIB will continue to cooperate closely with the EC, EEAS, and with the other IFI, EDFIs, and the region's Development Banks.
- ▶ EIB is exploring new avenues to support investment in LAC which will contribute to the achievement of the SDGs.
- ▶ Blending will remain an important component of the EIB instruments to support sustainable development in Latin America and the Caribbean.

