

EIB Activity in Latin America

in 2019

- Major increase in EU bank financing in the region to over €800 million
- Focus on climate action: 78% of operations concerned climate change mitigation and adaptation projects
- The European Union is Latin America's biggest investor and its main development partner

The European Investment Bank Group (EIB) expanded its activity in Latin America in 2019 with €817 million worth of financing for nine operations. This record-breaking financing level is the highest seen for six years and is 28% more than the previous year. These funds are contributing to sustainable and inclusive development in Latin America and promoting climate action. To strengthen its presence in Latin America and scale up its operations, the EU signed an agreement with Colombia for Bogotá to host the EIB's regional representation office.



The EIB is the EU bank. Created in 1958 by the Treaty of Rome, it operates in the 27 EU Member States and 135 other countries. In Latin America, the EIB supports investment projects that boost economic and social development and that are in line with EU policy and mandates, such as the EU Global Strategy, the External Lending Mandate and the 2030 Agenda for Sustainable Development.

The EIB began investing in Latin America in 1993, and since then has financed 136 projects in 14 countries, providing over €10.2 billion.

EIB Group activity in Latin America in 2019



THE EU BANK

The European Union is Latin America's main investor and development partner

The EIB supports EU relations with Latin America by financing projects that help achieve the EU's foreign policy goals, particularly the development of economic and social infrastructure, and climate change mitigation and adaptation.

Most of the EIB's financing operations in the region fall under the EU External Lending Mandate, with this accounting for €630 million of the funds granted by the Bank in 2019.

The EIB supports public and private sector investment projects in Latin America via:

- Lending: medium and long-term loans granted on attractive terms, and other financing products such as guarantees, loan substitutes or equity.
- Blending: the EIB partners with the European Commission (EC) in blending its loans with grants from the Latin America Investment Facility.
- Advising: 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 Inter-American Development Bank, the Development Bank of Latin America, the World Bank and the Central American Bank for Economic Integration. The EIB also works with other financial bodies operating in the area, such as Agence Française de Développement, German development bank KfW and Spanish development agency AECID.

Priorities in Latin America

CLIMATE ACTION

Over 78% of EIB activity in the region concerned climate change mitigation and adaptation projects

The EIB is among the world's largest multilateral providers of climate finance. The EU bank's goal is to be a leader in mobilising the finance needed to limit the average global temperature increase to 1.5°C compared to preindustrial levels in order to meet the Paris Agreement objectives.

In 2019, the EIB approved a strengthening of its climate goals and a new Energy Lending Policy. It will gradually increase the financing it dedicates to climate and environment objectives until they account for 50% of its total activity by 2025, with the aim of ensuring that the EIB Group mobilises at least €1 trillion to promote investments helping to meet these objectives in the critical decade between 2021 and 2030. The Bank also announced its intention to align all EIB Group activities with the Paris Agreement. To this end, the EIB will cease financing fossil fuel-based projects from late 2021.

The EU bank's operations in Latin America have mainly focused on climate action. Last year, over 78% of its financing in the region went to this objective, supporting projects promoting renewable energy and infrastructure improvements to prepare for the potential adverse effects of climate change.



The EIB is financing the construction of 15 wind farms in Brazil, providing €250 million to Neoenergía. Located in the states of Paraíba, Bahia and Piauí, they will have a total installed capacity of 520 MW and produce an annual average of 2 300 GWh of clean energy. Their commissioning will help to reduce CO₂ emissions and increase the proportion of renewable energy in the country's electricity generation. The investments in these new wind farms will be made over a five-year period and will enable the creation of 2 300 jobs. The EIB also provided €150 million to EDPR Brazil to finance the construction of wind farms and solar power plants.

Priorities in Latin America

SOCIAL AND ECONOMIC INFRASTRUCTURE

In Latin America, the EIB helps develop infrastructure that has a positive impact on the economy and benefits the population by improving their quality of life. It also supports infrastructure offering better resilience to adverse weather events. To this end, it is a priority for the EIB to boost infrastructure that improves water supply and sewerage, as well as waste treatment and management. Another of our goals in the region is to promote clean transport – such as rail and metro systems – to upgrade connections while also reducing environmental impact. In fact, the EIB is among the biggest financers of suburban networks in Latin American capital cities. It has financed the modernisation of the Buenos Aires metro and the construction of Quito's first suburban line, and is supporting the development of the new elevated metro line in Bogotá.

The EU bank is also focusing its efforts on promoting ICT infrastructure, which is key to connecting organisations and services in all sectors and to generating economic growth.



Supporting education

In 2019, the EIB continued to help improve Ecuador's dual professional training system to bring it into line with the needs of the labour market. In the same year, the EIB signed an agreement to provide an €11 million subsidy under the EU's Latin America Investment Facility. These funds come in addition to total financing of €70 million already granted by the EU bank to finance the construction and improvement of the facilities and equipment of eight technical and technological institutes in different parts of the country.



New water infrastructure

€145 million in financing granted by the EIB to Copasa (Companhia de Saneamento de Minas Gerais) is set to provide the Brazilian state of Minas Gerais with new wastewater treatment plants. The investments will also serve to improve and expand supply infrastructure and roll out this service to almost 140 000 families who do not yet have running water in their homes.

Priorities in Latin America

SUPPORTING THE LOCAL PRIVATE SECTOR

The EIB supports small and medium-sized enterprises (SMEs) in Latin America with various financial instruments deployed via partnership agreements with local intermediaries such as commercial banks and local development banks. The aim is to support the private sector and foster secure and efficient banking systems providing smaller companies with access to credit, which is vital for putting their investment plans into practice. To this end, the EIB also works with investment funds aiming to grant financing to SMEs wishing to invest in projects focused on promoting climate action.



Colombia: SME financing for post-conflict recovery

In 2019, the EU bank and Bancóldex, the Colombian business development bank, signed two agreements to join forces with a common goal: driving business development in the areas most affected by the conflict to consolidate and stabilise peace in the country. With this in mind, the EIB will provide Bancóldex with €136 million to finance the projects of smaller companies operating in the areas hit hardest by the conflict, thereby fostering job creation and economic growth.

EIB Group activity in Latin America in 2019

FLAGSHIP EIB PROJECTS IN LATIN AMERICA

Mexico, solar power plants

Credit lines granted to a local development bank to finance a 200 MW plant in the state of Coahuila and another 130 MW plant in the state of Zacatecas.

Loan amount
74 million €



Our mission

In Latin America, the EIB finances projects contributing to:

- economic, environmental and social infrastructure development;
- private sector development, particularly supporting SMEs;
- climate change mitigation and adaptation (e.g. renewable energy, energy efficiency and climate-resilient infrastructure).

Nicaragua, Managua bus rapid transit corridor

New exclusive-use bus lane, new cycle lane and improvement to pedestrian zones in Managua, benefiting 80 000 users a day.

EIB loan
124 million €

Panama, canal widening

Panama, canal widening to enable a new generation of large vessels to cross the isthmus of Central America and connect ports in Asia, the Americas and Europe.

Loan amount
397 million €

Brazil, new water infrastructure

An agreement with Copasa will provide the state of Minas Gerais with new infrastructure extending running water supply to 140 000 households. Investments include the construction of wastewater management plants.

EIB loan
145 million €

Colombia, Bogotá metro

Bogotá's first, 24 km-long metro line will be the country's biggest infrastructure project, transporting up to 72 000 passengers an hour.

Loan amount
410 million €

Climate action in Argentina, Bolivia, Brazil, Paraguay and Uruguay

EIB loan
51 million €

Credit lines to Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA) to support urban and rural development projects. Over 5 500 new jobs in the implementation phase.

Ecuador, post-earthquake reconstruction

Reconstruction of schools, hospitals and roads, and repair of water and electricity supply facilities.

Loan amount
159 million €

Peru, Enel Green Power

Wind farm and solar power plant with capacity of up to 312 MW.

Loan amount
129 million €

Paraguay, modernisation of transmission and distribution system

Granting of a loan to Administración Nacional de Electricidad (ANDE) to renew and modernise the metropolitan system's electricity transmission and distribution network.

EIB loan
80 million €

Bolivia, Mi Agua project

Construction of new drinking water supply and wastewater treatment infrastructure. A total of over 600 small investment projects providing 200 000 people with access to drinking water and 85 000 with better wastewater collection and treatment services.

Loan amount
54 million €

Argentina, integrated waste management programme

Composting centre, biogas plant, collection and environmental centres, equipment purchase, waste sorting and recycling in Jujuy. A total of 800 000 people will benefit.

EIB loan
38 million €

EIB financing in the Caribbean

€93 MILLION

- Major increase compared to the previous year
- 47% of financing in the region went to climate action

The EIB has been working in the Caribbean since 1978, to date granting €2 billion in financing for 218 operations. Almost all current financing is provided under the Cotonou Agreement, a treaty between the EU Member States and 78 countries in Africa, the Caribbean and the Pacific (“ACP countries”). Its aim is to alleviate and eradicate poverty by contributing to sustainable development and facilitating the gradual integration of the ACP countries into the global economy.

The Caribbean Development Bank (CDB) is the EIB's main partner in the region. We have been working together since 2011, signing two credit lines totalling €170 million for investments in climate change mitigation and adaptation.

In 2019, EIB financing in the Caribbean had a clear climate focus. In the Dominican Republic, the Bank approved financing to rebuild public infrastructure and homes damaged by natural disasters, making them more climate-resilient. This is also the aim of EIB support for the reconstruction of Sint Maarten's international airport: helping to make it operational again after being devastated by various hurricanes and improving its readiness for future adverse climate events.



Dominican Republic: 1 000 new homes

The EIB has signed a €44 million loan to rebuild hurricane-damaged infrastructure on the island, in addition to a €17 million EU grant under the Caribbean Investment Facility. These funds will also go to the construction of 1 000 housing units for people who lost their homes due to these natural disasters, or who are particularly vulnerable to potential natural disasters. €5.6 million of the grant will be used as technical assistance to help implement the project.



Post-hurricane reconstruction

Princess Juliana international airport is the most important airport for traffic between the islands of Saint Martin, Saba, Sint Eustatius, Anguilla, Saint Barthélemy, Nevis and the British Virgin Islands. Its passenger terminal and control tower were heavily damaged by hurricanes Maria and Irma. The EIB provided €50 million to rebuild it and make it more climate-resilient. In addition to being key for tourism and the economy in the region, the new airport will ensure that 1 200 jobs are safeguarded.

ADVANTAGES OF EIB FINANCING

The EIB is a AAA-rated, policy-driven EU financial institution raising funds in capital markets to on-lend to eligible investments supporting EU policies and priorities. The EIB passes on the financial advantage it obtains through benefits such as attractive interest rates and long maturities to projects that score highly in terms of EU objectives and are consistent with the Bank's commitment to supporting sound, sustainable investments. The EIB's extensive experience in financing projects (it has been active in countries outside the EU since 1963), its in-house sector expertise and its in-depth knowledge of European policies facilitate the identification of projects that match both national and EU priorities. The EIB's project appraisal covers technical, economic, financial, environmental and social aspects as well as credit risks, provides for the appropriate mitigants and conditionality and helps structure projects in line with EU standards. The EIB thus acts as a flag carrier for EU policies outside the EU, contributes to the dissemination of best practices and facilitates the participation of other financiers in EU priority projects.

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