



EU Financial mechanisms

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MASSIVE
developmental challenges



HEAVILY
constrained public funds



LEVERAGE EFFECT
of grants to unlock additional financing

ODA alone is not enough to meet the growing developmental challenges affecting today's world. In line with this approach and the Addis Ababa Action Agenda, the EU is pioneering new innovative financing mechanisms which could support the developmental objectives of partner countries and of the universal sustainable development goals.

Blending respond to specific market failures

- Often funding for investment projects is not always accessible through the financial market at the needed scale and cost. An element of public support (grant) can therefore bridge the gap between private and social returns and make projects happen.
- A grant element is particularly suited for projects with high potential development impact but below-market expected financial return which cannot attract sufficient funding from the market.
- This is what “blending is about..

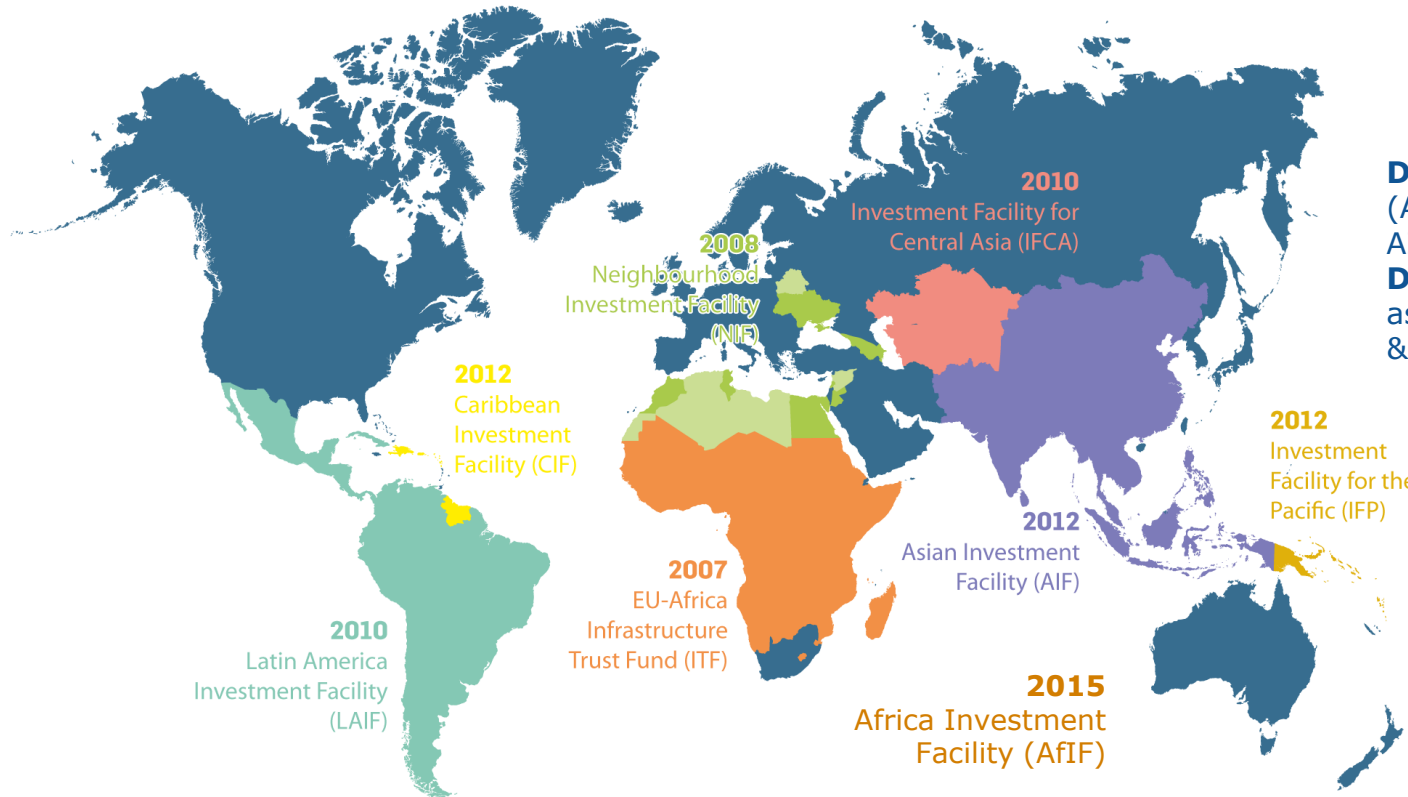


Blending

The use of a limited amount of **grants** to mobilize financing from partner FI's and private sector to enhance the development impact of investment projects



EU Blending framework: 7 facilities



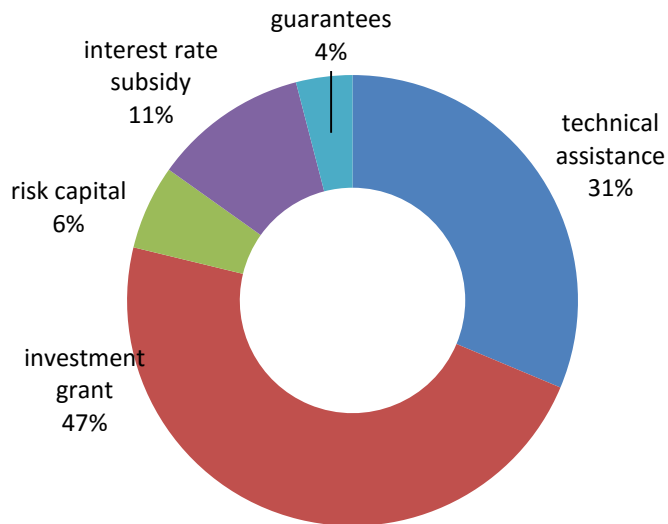
DG DEVCO: 6 facilities
(AfIF/ITF, LAIF, CIF, IFCA,
AIF, CIF)

DG NEAR: 1 facility (NIF
as of 1.1.2015)
& Western Balkans

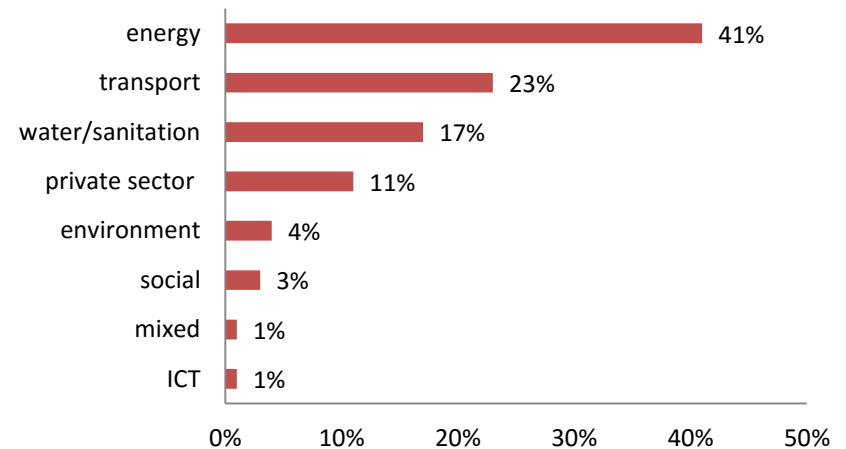
*Total blending approvals up to end-2014 (on funding envelopes 2007-2013):
€2 billion (less than **4%** of total EU programmes), leveraging **€49 billion***

Blending operations 2007-2014

Annual grant approvals (in € million)



Grant approvals by sector (in %)



Caribbean Investment Facility 2012-2015

Approved 9 Projects

Allocated resources

c. € 69 million

**Leveraged FIs
resources**

€ 191 million

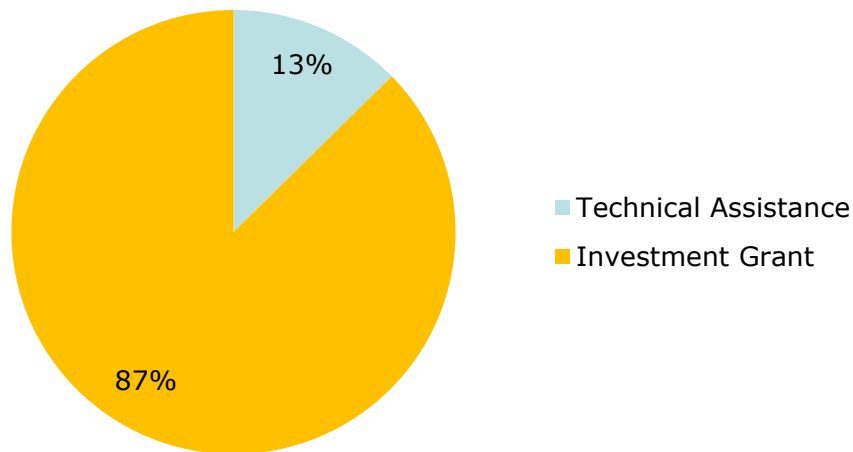
**Total investments
€ 535 million**



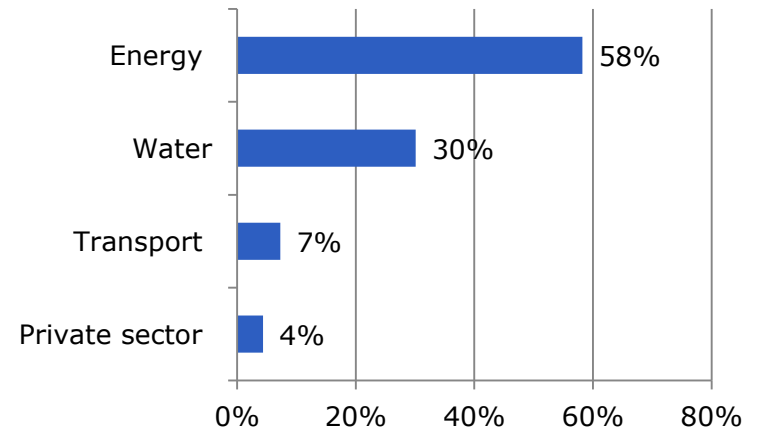
Leverage
Effect 1:8 !

Caribbean Investment Facility 2012-2015

Grant approvals by type (in %)



Grant approvals by sector (in %)



Caribbean Investment Facility 2015-2020

€135 M have been earmarked for CIF under the 11th EDF Caribbean Regional Indicative Programme 2014-2020.

The financing agreement committing the first envelope of **€30 M** has been signed Today.

The objectives of the CIF are to:

- (i) Mobilize investments in strategic economic infrastructure such as transport, ICT, renewable energy and energy efficiency, and interconnectivity.
- (ii) Mobilize investments in water & sanitation, sustainable social infrastructure and resilience to climate change.
- (iii) Increase access to finance and investments for SMEs and cooperatives including those which contribute to a green economy.

SECTORS OF INTERVENTION

- *Sustainable Energy*
- *Sustainable transport infrastructure and interconnectivity*
- *Access to finance and SME development*
- *Information and communication technologies (ICT)*
- *Water and sanitation*
- *Climate Change adaptation*
- *Infrastructure linked to social services*

NO FIXED ALLOCATIONS PER SECTOR OR PER COUNTRY

ELECTRIFI

The Electrification Financing Initiative (ElectriFI) is a new EU initiative that will support the involvement of the private sector in rural electrification investments.

ElectriFI specific objective is the mobilization of the private sector for increasing or improving access to modern, affordable and sustainable energy services.

It targets specifically populations living in rural, underserved areas as well as areas affected by unreliable power supply.

It encourages more actions in the field of renewable energy in general with emphasis on decentralised sustainable energy solutions.

More information

http://ec.europa.eu/europeaid/policies/innovative-financial-instruments-blending_en



Thank you!