

## **EU-CELAC MINISTERIAL MEETING**

### **SESSION I: Global Gateway Investment Agenda**

Friday, 15 September. 14:30 – 16:30

Plenary hall. Museo Centro Gaias. Cidade da Cultura

**The European Union (EU) and the Community of Latin American and Caribbean States (CELAC) encompass 60 countries representing 14% of the world's population and 21% of global GDP.** Total trade between the EU and LAC countries in goods and services has increased by almost 40% since the 2013 EU-CELAC Summit, while the EU is the leading investor in the Latin American and Caribbean region.

**The EU and CELAC share longstanding ties and strategic partnerships, strengthening their ability to respond to global challenges.** Climate change, the need to adapt to technological transformation, geopolitical tensions and rising inequalities, among others, show the need for greater multilateral cooperation and enhanced economic relations.

#### **1. EU-CELAC Summit: an investment agenda for sustainable and inclusive growth**

**At the July 2023 EU-CELAC Summit, leaders pledged to renew and reinforce their long-standing partnership,** including by strengthening cooperation in key areas such as global peace and security, trade and investment, climate change, justice and security for citizens, as well as in multilateral fora. Additionally, they recognised “the potential contribution of the EU-LAC Global Gateway Investment Agenda, which will address investment gaps in line with the common priorities of the EU and Latin America and the Caribbean.”

**The Global Gateway Investment Agenda offers a unique tool for both regions to reinforce their cooperation and embrace new opportunities for sustainable and inclusive growth.** It includes an initial selection of more than 130 potential public-private investment projects across strategic sectors of common interest. The investment agenda, backed by the EU, Member States, international financial institutions, and the private sector, aims to bridge funding gaps by mobilizing both private capital and public funding for sustainable development, including digital transformation, education, health infrastructures, energy production, environmental perspectives, raw materials and local value chains. It is also an opportunity for best-practice sharing across both regions.

**The European Commission announced that Team Europe is ready to provide over 45 billion euros to support the EU-LAC partnership.** This represents an additional 18% of EU investment flows in LAC countries compared to the average since 2018, while encouraging other concrete public and private investments in strategic sectors in Latin America and the Caribbean. European funding is provided under different modalities, depending on the needs of the project, origin of the funds or financial institution involved.

## 2. Implementation and follow-up of the Investment Agenda

### **We must start delivering on the Global Gateway Investment Agenda right away:**

Santiago's meeting provides for the perfect opportunity to advance its implementation. The Investment Agenda's 130 flagship projects have been selected by Leaders, after a thorough analysis based on their impact in driving more sustainable economic development and interconnected societies in LAC countries, as well as for representing cutting-edge technology and for respecting the highest international standards. They are also very tangible examples of what may be achieved through EU-CELAC collaboration. The annex includes a selection of these projects to exemplify and orient Ministers' discussion in order to ensure the Agenda's continued momentum.

**Leaders welcomed the potential contribution of the Global Gateway Investment Agenda. We must now, as a team, deliver on their commitments:** joint work is of the essence between Team Europe (EU and its Member States, the EIB, bilateral European Development Banks and Agencies, export credit agencies) and LAC countries, as well as Multilateral Development Banks, other development finance institutions and the private sector.

### **A specific monitoring and follow-up mechanism is needed for the successful implementation of the investment agenda, including the three elements below:**

- ✓ **Coordination and Monitoring based on a Team Europe approach.** The European Commission will collect the relevant information at project level and maintain a regularly updated and comprehensive database on financial contributions and investments mobilised. By the end of 2023, EU Member States and LAC countries, as well as other stakeholders involved in specific projects, would designate focal points to ensure swift collaboration. These focal points should cooperate with the Commission, including at local level with EU delegations, to ensure coherence and the agile exchange of information. EIB, CAF, IDB and other interested stakeholders will work together and support the Commission in these tasks.
- ✓ **Regular EU-CELAC High Level Summits and beyond.** Future EU-CELAC High Level Summits, to be held every two years as agreed by Leaders, will provide an opportunity for best practice sharing and to consider next steps to broaden the Investment Agenda. Additionally, overview meetings - using existing channels - will be held twice a year to assess implementation and provide analysis and recommendations to Leaders. The first of these meetings will take place in Brussels in Q1 2024.
- ✓ **A fast-track implementation, that responds to the highest standards as well as local needs.** Governments in LAC countries would appoint a specific one-stop shop with capacity to expedite the necessary administrative, legal and technical steps to remove bottlenecks and improve the business climate to ease project execution by the private sector. The European Commission and Member States would, in turn, work together with LAC countries to ensure that projects respond to local needs, keep incorporating strict social and environmental standards, and seek maximum positive and lasting impact for local communities as well as to help access additional funding and provide technical cooperations for projects in the agenda.

### **Questions for discussion:**

1. *Which Global Gateway Investment Projects would you like to highlight?*
2. *Do you agree with the proposed monitoring strategy?*

## ANNEX

### Illustrative selection of Global Gateway Investment Projects

1. **Regional Program to protect the Amazon.** An umbrella program to step up engagement in the Amazon Region, to improve its conservation and foster sustainable development. The aim of the program is to protect the biome and sustainably leveraging its natural resources; help countries achieve their net zero deforestation targets and improve the living standards of vulnerable populations in the Amazon region. The program combines a series of multi-sectoral approaches focused on reducing pressure on forest ecosystems, improving forestry, land management and sustainable livelihoods of local communities, reducing greenhouse gas emissions and increasing resilience of value chains and ecosystems. Brazil will feature prominently in the program.
2. **EU-LAC Digital Alliance.** This is the first regional digital partnership between the EU and Latin American and Caribbean countries. The EU-LAC Digital Alliance creates a strategic framework to foster a substantial EU- LAC digital cooperation, which includes EU Member States' cooperation and EU-supported infrastructure in the region, such as the BELLA programme on interconnectivity, regional Copernicus hubs and the LAC Cyber Competence Centre, as well as other specific projects, such as ELPACCTO on cybercrime. Some EU-LAC digital cooperation activities are underway such as the extension of the BELLA cable and the creation of two regional Copernicus centres for disaster risk reduction, climate change, land and marine monitoring.
3. **Converting sargassum into opportunity.** The exponential increase of accumulation of the sargassum sea algae is the direct consequence of climate change, disproportionately affecting the climate-vulnerable Caribbean region, its environment, economy, and public health. There is a need to tackle this challenge through a structured, political and practical public-private approach, to foster mitigation and commercial solutions. Team Europe's added value (including EIB) is bringing together all actors in support of this all-Caribbean problem.
4. **Expanding drinking water, sanitation systems and sewerage services.** Investments are envisaged for the expansion and improvement of drinking water, sanitation systems and sewerage services in Ecuador, Peru and Uruguay. These projects will count on the support of EIB, CAF, IDB and the World Bank Group.
  - In Ecuador, projects are implemented in the cities of Quito, Portoviejo and Guayaquil. In Quito, the project will improve water service continuity, operational management, and wastewater treatment capacity benefiting more than 61,000 households. In Portoviejo, the objective is to expand access, provide climate-resilient services, and improve management, including efficiency measures and expansion plans, benefiting more than 20,000 households. In Guayaquil, the project addresses the expansion and rehabilitation of existent wastewater pumping stations benefiting more than 1.2 million people.
  - In Peru, the project will contribute to improving the quality and expanding the coverage of drinking water and sewerage services in the southern area of the city of Lima and will benefit 350,000 inhabitants of the districts of San Juan de Miraflores, Villa María del Triunfo and Villa El Salvador. The action includes the construction of 29 drinking water reservoirs that will supply 287 units with 43,744 total household connections (old and new) for drinking water and 44,076 sewerage connections.

- In Uruguay, the Arazati project consists of the design, construction, financing, commissioning, and maintenance of a 200,000 m<sup>3</sup>/d net capacity water treatment plant. The plant will use raw water from the Rio de la Plata in the Arazati Port area. Once treated and purified, the water will be piped to the capital's metropolitan distribution system and to reservoirs located in the area known as Cuchilla Pereira. The project also includes the construction of a freshwater reservoir to supply the drinking water treatment plant during episodes of salinity.
- 5. Boosting rural development through the modernization of agriculture.** Argentina's Provincial Agricultural Services Programme (PROSAP) implements a series of public investment projects to facilitate the adaptation of agricultural production to market demands and promote the increase of value added in the sector's productive value chains. This framework includes the modernization of irrigation systems and rural infrastructure schemes (roads, electrification, internet connection, etc.), as well as the adoption of technologies that promote economic profitability and environmental sustainability, as well as increasing the adoption of product differentiation tools. IDB, CAF, EIB and World Bank Group will be supporting these projects.
  - 6. Hydrogen pathway to decarbonization.** Chile's full commitment to energy transition and the objective of net carbon neutrality by 2050 is a driver for the exponential expansion of Renewable Energy (Non-Conventional, mainly wind and solar). This includes the development of green hydrogen projects, fed by solar plants in the North and wind parks in the South. Most foreign investments in Non-Conventional Renewable Energy are from EU companies. Team Europe has set a precedent in Chile by establishing the Green Hydrogen Fund for Chile as a joint initiative, to promote the incipient green hydrogen market in Chile, foster local supply chains and strengthen the potential for green hydrogen exports to Europe, while considering the importance of a just energy transition. CAF, IDB and the World Bank Group will be involved in the construction of a Green Ammonia production plant and a portfolio of distributed generation projects.
  - 7. Reinforcing energy transition and sustainable mining.** This is a critical contribution to strengthen a just energy transition, by supporting LitióMX to promote and manage the sustainable development of lithium mining in Mexico and for the Federal Electricity Commission to develop the necessary elements to promote the use of renewable energies in both electricity generation and end uses (Plan Sonora). EIB, IDB, CAF, and the World Bank Group will be involved in this project.
  - 8. Developing sustainable public transportation for all.** Two central projects will promote the development of sustainable public transport in Bogotá (Colombia). First, the Bogotá Metro Line 2 transport project aims to improve mobility, connectivity, and air quality. It comprises tunnel, trench, and viaduct sections, and extends over 15.5 km, linking with the existing First Line. The project is estimated to carry 233,000 passengers per day. Second, a project to finance 175 electric buses with low carbon emissions that will operate along 10 routes in the districts of Fontibón and Usme, in the city of Bogotá. EIB, IDB, CAF, and the World Bank Group are involved in these projects.
  - 9. Promotion of e-mobility in public transport.** The EU is working with the Government of Costa Rica on the electrification of public transport. Conversion of urban bus fleet to electric: 40 public e-vehicles contributing to a reduction of 5000 CO<sub>2</sub> ktons per year. This project is an important aspect of Costa Rica's ambitious National Decarbonisation Plan, which mandates 70 percent of buses to be emissions-free by 2035 and 100 per cent by 2050. IDB, CAF, BCIE and the World Bank Group will participate in these projects.