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From the Inter-American Development Bank Group to the European Union

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Acronyms and Initialisms

AFD	Agence française de développement
CRM	critical raw materials
CRMA	Critical Raw Materials Act
DFI	development finance institutions
EIB	European Investment Bank
EU	European Union
FDI	foreign direct investment
FFPA	Financial Framework Partnership Agreement
GGIA	Global Gateway Investment Agenda
IDB	Inter-American Development Bank
IDB Group	Inter-American Development Bank Group
LAC	Latin America and the Caribbean
LACIF	Latin America and Caribbean Investment Facility
MDB	multilateral development bank
MFF	multiannual financial framework
PBL	policy-based loan

Executive Summary

The current proposal for the Global Europe instrument—the European Union (EU) primary financing tool for external action and international cooperation—within the new Multiannual Financial Framework (MFF) 2028–2034[1] acknowledges a new geopolitical, economic, and political agenda within Europe. This proposal calls for a more agile and flexible budget to give the Commission space to act more decisively, achieve a stronger impact, and foster coherence between the EU's external action and its internal priorities, such as competitiveness and strategic autonomy. Given the alignment between the geostrategic and economic potential of Latin America and the Caribbean (LAC) and the EU core objectives and interests, the Inter-American Development Bank Group (IDB Group) welcomes the proposal in the Global Europe instrument to **allocate more resources to the LAC region.**

Securing a larger budget for LAC during the MFF negotiations will enable the EU to scale up the Global Gateway Investment Agenda (GGIA) in a region ripe with investment opportunities aligned with the European Union's strategic, geopolitical, and economic interests. The IDB Group also acknowledges that the reduction proposed in the June 11, 2026 negotiation box has been applied uniformly across regions, and that allocations to LAC remain above levels observed in previous budget cycles. However, any additional adjustments that further diminish what is already the smallest regional envelope would undermine the EU's ability to engage strategically and at scale in LAC.

To maximize the strategic alignment and operational impact of the GGIA in LAC, the IDB Group encourages the EU and its member states to consider the following recommendations when designing and implementing its forthcoming Global Europe instrument:

1. **The LAC region is predominantly composed of middle-income countries, offering a particularly fertile testing ground for innovative and cost-effective financial and investment solutions that will be increasingly relevant beyond the region.** As African economies continue to grow and an increasing number transition to middle-income status, development approaches piloted in LAC may offer valuable lessons for their future financing needs and economic transformation. These lessons and development approaches piloted in LAC may be particularly valuable to the EU as it partners with African countries on their evolving financing and economic transformation needs as they increasingly transition to middle-income status.

2. The EU could achieve much higher levels of mobilization and access new markets in LAC by **pursuing its 360-degree "Team Europe+" approach systematically, rather than on a case-by-case basis.** "Team Europe+" allows the EIB and other European Development Finance Institutions (DFIs) to tap into comprehensive packages offered by regional multilateral development banks (MDBs such as the IDB Group), while benefiting partner countries with concessional resources from the European Commission. By systematically working with the IDB Group, the EU better leverages the IDB Group lending capacity,

1. First presented in July 2025 and with an updated 'negotiating box' unveiled on June 11, 2026

technical expertise, and resources[2] in ways that align with EU interests and priorities and benefit the European private sector (notably in areas such as critical raw materials, digital and physical connectivity, and energy transition, some of which are less accessible to European financiers).

3. The EU can take full advantage of the integration of guarantees into the Global Europe instrument toolbox **by opening up part of Global Europe's financial architecture to sovereign operations carried out by the IDB Group** and other pillar-assessed regional MDBs. This would usefully support and significantly complement the EIB Global investments in strategic sectors and underserved countries in the LAC region and provide greater private-sector mobilization and catalyzation potential.

4. The EU external financial architecture can stimulate stronger engagement of European private-sector actors in a scaled-up and more geostrategic Global Gateway by **strategically leveraging innovative and catalytic finance approaches, such as those pioneered by the IDB Group**. These approaches include originate-to-share models (such as synthetic securitization), reinsurance solutions, local currency instruments and forex hedging platforms, as well as policy-based and performance-based finance. Such innovations, which are also relevant beyond the LAC region, **require a flexible and agile EU financial toolbox** that includes pre-investment grants, technical assistance, and risk-sharing facilities to stimulate catalytic investment approaches, in line with market needs and timelines. This approach could expand procurement and business opportunities for firms in EU countries.

5. The EU has an opportunity to **leverage the IDB Group as a catalyst for cooperation and co-financing among financial institutions**. The EU can capitalize on the IDB Group's government access, convening power, financial strength, on-the-ground operational capacity, and extensive regional partner network—including national, sub-regional, and regional/national financial institutions, as well as its longstanding co-financing relationships with EU DFIs and the EIB—to support the origination, structuring, and co-financing of Global Gateway investments. **For every euro co-financed by European partners for IDB operations since Global Gateway was launched in LAC in 2023, the IDB Group has contributed twice as much to co-financing and three times more in grant financing, significantly amplifying the impact of EU contributions**. Between 2023, and 2025, the IDB Group and Team Europe (EIB and EU partners) executed 163 operations across 25 LAC countries, aligning with all five key sectors of the Global Gateway. By collaborating with the IDB Group, the EU can anchor its investments in locally grounded, high-impact partnerships that reflect its strategic, development, and economic interests and optimize new instruments such as policy-based loans (PBLs).

A strengthened partnership between the IDB Group and the EU represents a powerful opportunity to achieve shared objectives in LAC by developing comprehensive joint packages with high financial leverage. Through a more ambitious, inclusive, and flexible financial and operational approach in LAC, the EU can harness the full potential of the Global Gateway in line with its geostrategic and economic interests while supporting the region's sustainable and inclusive development.

2. In 2024, the IDB Group financed close to 130 projects, in 2024 with a total value of $15.4 billion.This is 17% more projects than in 2023.

I. Introduction

As the EU scales up its ambitions under Global Gateway and shapes its next Multiannual Financial Framework (MFF) and Global Europe instrument, the Inter-American Development Bank Group (IDB Group) stands ready to serve as a strategic partner in LAC. By deepening cooperation with the IDB Group, the EU can effectively unlock the region's geostrategic and economic potential, fostering mutually beneficial outcomes for both regions.

The IDB Group is the leading source of multilateral financing and knowledge for economic and social development in LAC. It aims to reduce poverty and inequality through sustainable, climate-friendly growth. The group is composed of three interconnected entities: (i) the Inter-American Development Bank (IDB), which focuses on the public sector, providing sovereign-guaranteed loans, grants, and technical assistance to governments; (ii) IDB Invest, which is the group's private-sector arm, providing customized financing solutions, loans, and equity investments to businesses and commercial projects; and (iii) IDB Lab, the group's innovation laboratory, acting as a venture capital arm to empower startups, entrepreneurs, and technological solutions for vulnerable populations.

This document offers insights from the IDB Group on how the EU could use the new MFF to amplify the impact of the Global Europe instrument in LAC. The paper's reflections are grounded in the EU's past development achievements in the region, the IDB Group's experience partnering with the European Commission and European partners in LAC since 2011, and the evolving global geoeconomic landscape. It focuses on practical messages to inform decision-making.

II. Strategic Context: Why the LAC Region Matters for the EU

By deepening its engagement in LAC, the EU can simultaneously advance its development objectives, strengthen the competitiveness of its private sector abroad, and build a replicable model of partnership that delivers results well beyond the region. The importance of the EU-LAC relationship is highlighted by the Joint declaration of the 4th CELAC-EU Summit.

The LAC region holds significant geostrategic and economic relevance for the EU for three main reasons:

I. **Investment leadership**: The EU remains the leading source of foreign direct investment (FDI) in the LAC region. This investment plays a pivotal role in supporting sustainable economic growth.

II. **Trade expansion**: The EU ranks among the top three trading partners for many countries in the region. Bi-regional trade and investment are poised to increase substantially as the EU-Mercosur trade agreement is implemented.

III. **Strategic sectoral alignment**: LAC region presents mature markets and substantial potential for scaling engagement with Europe's private sector, particularly in sectors aligned with EU priorities, such as clean energy, digital transformation, and critical raw materials (CRM) (priorities reflected in Annex I of the Proposal for a Regulation of the European Parliament and of the Council establishing Global Europe).

LAC offers the EU a uniquely valuable testing ground for the financial and investment approaches that will define the future of international cooperation. The region is predominantly composed of middle-income countries that have already undergone many of the structural transitions—in governance, market development, and institutional capacity—that other regions, notably Africa, are expected to experience by 2030–2040 as many of their low-income countries progress toward middle-income status. This makes LAC an ideal sandbox for the EU to design, pilot, and refine innovative and cost-effective cooperation instruments—from blended finance mechanisms to regulatory convergence frameworks—that can later be adapted and scaled to other geographies as their economies mature.

At the same time, the region's relatively advanced market structures, skilled labor force, established legal frameworks, and growing consumer base make it a particularly fertile ground for European firms and investors. This makes LAC of critical importance to European firms and investors and amplifies the impact and scalability of EU engagement. Box 1 provides more details on the substantial opportunities that the IDB Group has already helped unlock for the European private sector and member countries, along with the continued potential to build on this momentum.

The LAC region possesses key assets that can help the EU achieve some of its most important ambitions and objectives, such as enhancing competitiveness and ensuring strategic autonomy. By clearly communicating its priorities in LAC and allocating the necessary budget to support them, the EU can help renew and strengthen its partnership with the region, a partnership well positioned to deliver on the objectives of the Global Gateway, extending beyond traditional development goals. At the same time, the LAC region stands to benefit significantly from the Global Gateway trade and investment agenda, particularly in the face of global economic and political uncertainties, as well as its limited fiscal capacity. These shared interests and needs lay the foundation for a mutually beneficial partnership.

Box 1. IDB Group-Enabled Opportunities for the EU Private Sector

The 13 EU members of the IDB Group[3] stand to benefit directly from deeper EU engagement with the bank through greater access to procurement opportunities and new markets for their respective private sectors. This increased involvement in the region not only broadens the commercial horizons for EU enterprises but also strengthens their competitive position in the LAC region, allowing them to capitalize

3. See the list in Annex 1.

on emerging investment and partnership opportunities fostered by the IDB Group's extensive regional networks and initiatives.

These potential opportunities would build on an already strong track record of IDB Group partnership with the European private sector.

Between 2021 and 2025, the Inter-American Development Bank (IDB), a member of the IDB Group, awarded €642 million in procurement contracts to more than 220 European Union (EU) firms across 23 LAC countries, with a bidding success rate of 58%. The EU won 43% of the value of contracts awarded to non-borrowing IDB member countries. EU firms outperform other non-borrowing member competitors in sectors such as social investment, water and sanitation, and trade by a factor of 2.5 to 3 in terms of total contract amounts won. While 73% of these contracts were awarded to Spain, Italy, and France, a wider and deeper collaboration within the Global Gateway could help to diversify the provider base in the EU.

Beyond procurement opportunities, the IDB Group business events provide a unique platform for bi-regional business-to-business contacts. For example, in the latest EU-LAC Business Forum organized in conjunction with the CELAC-EU summit, 583 entrepreneurs from 45 LAC and EU countries were matched in 153 business meetings. The implementation of the EU-Mercosur agreement and the renewal of other bi-regional trade agreements with the EU will magnify the strategic importance of these IDB Group platforms focused on the private sector, such as LAC Flavors, Outsource to LAC, and ConnectAmericas.

The IDB Group private sector arm, IDB Invest, also plays a central role in promoting EU interests in the region by mobilizing private capital, partnering with European financial institutions, and aligning investments with Global Gateway priorities, particularly in energy transition, digital connectivity, and sustainable infrastructure. From 2023 to 2026, IDB Invest has financed projects for over €7 billion with European sponsors and financial partners, as part of the EU-LAC GGIA.

III. How Can the IDB Group Support the European Union's Objectives?

The IDB Group offers a unique value proposition as a partner to the EU. It has an extensive regional footprint and strong track record on most of the EU's new priorities, such as CRMs and their supply chains, digital transformation, citizen security, and local currency financing. This strategic alignment spans critical sectors, cross-cutting priorities, and technical expertise. The IDB Group brings to the table a unique combination of assets that make it a key partner for the EU in advancing its agenda in LAC:

- **Institutional positioning and access:** The IDB Group maintains strong relationships with both sovereign and private-sector actors throughout the region, developed over its decades-long presence in each of its 26 borrowing member countries. These relationships are rooted in continuous engagement with LAC governments—the IDB Group's primary sovereign clients—to ensure that its operations and partnership approaches are closely aligned with country-driven priorities and documented demand. Country ownership is a foundational principle of this engagement, anchoring policy coordination, joint programming, and reform agendas in nationally defined objectives. It is one of the pillars of the IDB Group's existing Country Strategies, which are Board-approved instruments that define lending priorities, sector focus, and policy dialogue for each borrowing member over a multi-year horizon. Partnering with the IDB Group can help the EU ensure strong country ownership in its projects, enhancing their implementation, relevance, and development impact.

- **Regional integration:** In addition to its longstanding relationships and multi-sector technical engagement with each of its borrowing member countries, the IDB Group also leverages its regional programs—such as One Caribbean, América en el Centro, Amazonia Forever, and South Connection—as strategic platforms to design and implement regional initiatives that translate high-level integration agendas into concrete investments and policy actions. These programs mobilize high-impact public and private investment across digital, transport, logistics, and energy infrastructure, while fostering financial innovation and promoting an originate-to-share approach (see Box 2). They enable more efficient and strategic use of resources through high-quality interventions that deliver strong development impact and value for money. Regional approaches also generate important positive spillovers, particularly in advancing cross-border connectivity and economic integration, which again highlights the IDB Group's special role in the region and opportunities for cross-fertilization, drawing on EU expertise. For EU partners, these regional programs offer a clear entry point to engage at scale, with the IDB Group acting as a trusted intermediary aligning investment pipelines with shared priorities, including the Global Gateway.

Box 2. IDB Invest's "Originate-to-Share" Model

IDB Invest, a member of the IDB Group, is the first multilateral development bank (MDB) to transition from a traditional **buy-and-hold** approach to an **originate-to-share** (or **originate-to-distribute**) business model.

Under this approach, IDB Invest originates and structures investments with strong development impact and subsequently transfers part of the exposure to private investors while retaining a stake. This enables commercial investors to participate in sectors critical to the region's development—including infrastructure, energy, financial inclusion, and productive industries—while benefiting from IDB Invest's origination capacity, due diligence, and development expertise.

IDB Invest made originate-to-share the cornerstone of its institutional strategy and recent capital increase, securing strong support from its shareholders for this transformational approach. The model was first implemented in 2024 through the landmark **$1 billion Scaling4Impact securitization**, which was expanded by an additional **$450 million in 2025**.

By recycling capital and attracting institutional investors into development assets, the originate-to-share model expands IDB Invest's financing capacity, supports a larger pipeline of projects, and mobilizes substantial additional private resources for sustainable development across LAC. As a pioneering innovation among MDBs, it offers a scalable pathway to multiply development finance volumes and maximize the impact of limited public resources.

IDB Invest's leadership in adopting originate-to-share has helped catalyze a broader shift across the MDB system, with institutions such as IFC and EBRD now pursuing comparable originate-to-distribute/share approaches.

- **Mobilization of public and private resources for sustainable investment**: The IDB Group is the largest source of development financing in LAC. In 2025, it provided $35 billion in financing, including mobilization—the highest amount in its history and about 50% higher than in 2022. The IDB Group has a demonstrated ability to crowd in resources at scale, including from European private capital, aligning financial flows with sustainable development objectives. Between 2023, when Global Gateway was launched in LAC, and 2025, the IDB Group and Team Europe (EIB and EU partners) executed 163 operations across 25 LAC countries, aligning with all five key sectors of the Global Gateway. For every euro financed by European partners, the IDB Group contributes twice as much to co-financing and three times more in grant financing, significantly amplifying the impact of EU contributions. EU resources mobilized through the IDB Group would expand the overall financing envelope and catalyze new investment, complementing the IDB Group's own capital rather than substituting it. This principle of additionality ensures that a partnership with the IDB Group delivers net-new impact in terms of reach, sectors covered, and countries served.

- **Innovation and responsiveness**: The IDB Group continually updates its financial instruments and operational strategies to reflect changing policy priorities and market conditions. The Inter-American Development Bank (IDB), a member of the IDB Group anchors its financial innovation, such as debt-for-sustainability conversions, the originate-to-share model, and support to forex hedging platforms, in the needs of the region and the specific requirements of the countries. This specificity and responsiveness makes the IDB Group a dynamic and innovative partner for the EU's strategic initiatives.

- **Alignment with European regulations and standards**: The IDB Group, through its work on policy reforms and regulations in LAC, plays a key role in supporting the convergence of its regulations and standards with those of the EU. Examples include regional and bilateral trade agreements, trade-related measures (such as alignment with the Regulation on Deforestationfree Products, or Carbon Border Adjustment Mechanism), and investment (partnerships and memoranda of understanding on more sustainable mining of CRMs). This alignment then plays a key role in facilitating trade relations and investments between the European and LAC private sectors.

The IDB Group offers the EU an effective and reliable platform to implement its renewed partnership with LAC, as envisioned under the GGIA. Through targeted co-financing, joint programming, and policy coordination, the EU can leverage the IDB Group's convening power, operational presence on the ground, and capital mobilization capabilities to generate greater impact in the region. Strategic engagement with the IDB Group will not only amplify the EU's presence and impact in LAC but also ensure that investments support inclusive, green, and resilient growth, in line with shared priorities.

A strong foundation for scaling up Global Gateway

The GGIA offers an integrated framework to combine trade, investment, development cooperation, and finance. The LAC region provides a fertile ground for deploying this full toolbox to simultaneously advance EU developmental, economic, and strategic interests. Furthermore, deeper engagement with LAC supports the EU's internal policy goals, including enhancing competitiveness and achieving strategic autonomy in key value chains (a key goal of the proposal for the Global Europe instrument).

The IDB Group has been a leading partner in the start-up phase of GGIA, as described in Box 3. This strong track record positions it well to continue playing a central role in scaling up the GGIA under the new MFF.

Box 3. How the IDB Group Has Delivered for the Global Gateway Investment Agenda

Given their strong history of partnership, the IDB Group and the EU have already worked together to achieve shared objectives, providing a springboard for further collaboration and success.

The Inter-American Development Bank (IDB), a member of the IDB Group has been a pillar-assessed institution since 2010. It signed its first Framework Agreement with the EU in 2011, which laid the financial and administrative foundation for cooperation between the two institutions. In 2015, the IDB Group and EU signed a second Framework Agreement, renewing the EU's commitment to LAC region. The third and current Financial Framework Partnership Agreement (FFPA) was signed in 2020, further strengthening and consolidating the strategic partnership between the IDB Group and the EU.

Under these three agreements, the EU has entrusted the IDB with approximately €250 million, positioning the IDB as a preferred and longstanding partner for advancing EU development objectives in the region.

Since the launch of the GGIA in LAC in 2023, the IDB Group and Team Europe (EIB and EU partners) have executed 163 operations across 25 LAC countries, aligning with all five key sectors of the Global Gateway. Between 2023 and 2026, this partnership has achieved over €4 billion in co-financing involving European financial institutions, in a Team Europe+ approach, and over €140 million in grants, which highlights significant growth in European investor participation in recent years. This strategic engagement also reflects the IDB Group's ownership structure, with 13 European countries collectively holding almost 10% of its shares.

In the same period, IDB Invest has contributed to the EU-LAC GGIA, financing projects with European sponsors and partners for over €7 billion (see Annex II) in 20 countries across LAC.

Those European sponsors and partners span a broad range of European countries, including Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom.

A flagship GGIA project exemplifies EU-IDB collaboration: the IDB and Agence française de développement (AFD) are co-financing connectivity in the Amazon via submarine optical fiber cables in the states of Pará and Maranhão. The aim is to connect the Amazon Basin to the global internet by integrating it into the EllaLink transatlantic system that links South America and Europe via Fortaleza, Brazil; Cayenne, French Guiana; and Sines, Portugal. The Pará and Maranhão branches will connect through French Guiana and Fortaleza. In a Team Europe+ approach, the European Commission has channeled LAC Investment Facility (LACIF) resources to this project to support both operations.

GGIA collaborations such as this Amazon connectivity project provide a strong foundation for expanding the EU-IDB Group partnership and its impacts. The IDB Group looks forward to continuing to work with the EU to advance a more digitally integrated region. From a regional perspective, EU-supported submarine cable initiatives in the Caribbean—such as the Cayenne–Martinique connection—could create complementarities with South American and Caribbean connectivity projects supported by the IDB. These corridors offer a natural platform to strengthen redundancy, diversify traffic routes, and explore future integration with neighboring countries whose legacy infrastructure requires modernization. Digital connectivity offers a concrete area where Global Gateway investments can deliver immediate regional spillovers—linking Europe's outermost regions in the Caribbean with South America, while enabling the renewal of legacy infrastructure in countries with high strategic relevance.

IV. Recommendations for a Strategically Relevant, Higher-Impact EU-IDB Group Partnership

The IDB Group stands ready to deepen its already successful collaboration with the EU and use its unmatched geographical and sectoral presence and unique public and private network to translate the ambitions of the EU-LAC partnership into tangible, high-impact outcomes for the peoples of both regions. The EU has the opportunity to successfully scale up the Global Gateway, ensure sustainable pipelines of mutually beneficial bankable projects, and reinforce the EU's political and economic presence in LAC. To realize this potential, it can:

1. Use the IDB Group to mobilize greater public and private investment and achieve more in LAC

Given the strong alignment between LAC's geostrategic and economic potential and the EU's core priorities, the IDB Group welcomes the increased allocation of Global Europe's geographic resources to the region in the next MFF. By partnering with the IDB Group to implement these resources, the EU could leverage its broader capital base—including contributions from non-European countries—to support public- and private-sector operations aligned with EU strategic objectives. These operations, in turn, have the potential to catalyze additional public and European private investment, enabling a more effective scale-up of the Global Gateway initiative as it pivots from a focus on development toward a greater emphasis on trade and investment. Box 4 describes a project that illustrates the opportunities of coupling the IDB Group unique standing in the region with European support and private-sector participation in a way that aligns with the EU's strategic priorities and drives innovation.

- By working with the IDB Group and providing targeted grants and/or guarantees, the EU can leverage the capital of i) LAC countries, in a partnership based on shared responsibilities; ii) other global powers, thereby steering some of their capital toward European strategic objectives; iii) EU member states, helping build a more coherent and coordinated "Team Europe" approach; and iv) the IDB Group, which is better positioned to effectively deploy innovative approaches and to target priority projects and reforms in line with the EU strategic objectives.
- Given the IDB Group's capacity, sectoral coverage, and private-sector arm IDB Invest that can attract additional public and, especially, private capital, EU support could offer opportunities for European private-sector companies and investors already working with the IDB. This would help achieve the Global Gateway's mobilization ambitions and build a more attractive and integrated European offer to LAC.

Box 4. Renewstable® Barbados: EU-IDB Invest Cooperation Driving Green Innovation and Opportunity for the European Private Sector

This innovative flagship project combines intermittent renewables with green hydrogen storage to provide stable, clean baseload power to Barbados, thereby boosting the country's energy resilience. The EU and the EIB provide guarantees and investment grants, while IDB Invest and International Finance Corporation act as key project financiers. The project itself is developed by the French firms Hydrogène de France (HDF) and Rubis.

This partnership illustrates how coordinated EU–MDB support can help de-risk first-of-a-kind technologies and accelerate the clean energy transition in small island developing states. It also shows how IDB Invest can be a key player in a Team Europe+ approach where its own expertise complements contributions from the European public and private sectors and other MDBs, aligning investments with Global Gateway priorities for the energy transition and sustainable infrastructure.

2. Leverage the IDB Group's development, trade, and investment capacities, in line with the Global Gateway

Beyond its core role as an MDB, the IDB Group leads a range of existing and new initiatives to facilitate trade and FDI in LAC, fostering partnerships between foreign and local firms and opening access to strategic public procurement opportunities. These efforts provide the EU with a valuable opportunity to deepen engagement in the region by supporting and amplifying the IDB Group's trade and investment capacities. In doing so, the EU can: (i) accelerate and maximize the benefits of the trade agreements it already has with most LAC countries, as well as new ones such as the EU-Mercosur agreement, in a way that enhances the EU's economic influence and development impact in the region; (ii) ensure that IDB Group initiatives are increasingly aligned with the interests of European investors and private-sector stakeholders, as well as with European standards and regulations; and iii) contribute to connecting European businesses with private-sector actors and ecosystems in LAC, including through policy and governance reform mechanisms that improve the local business environment.

- To create opportunities for the private sector and investors, trade and trade-related agreements need to be accompanied by support to national authorities, including on sustainability-related issues such as the EU deforestation regulation, maximum residue limits, and the EU Carbon Border Adjustment Mechanism. The EU has the opportunity to partner with the IDB Group to support the design and implementation of policies and reforms in certain LAC countries or subregions to enable compliance/convergence with the modern trade rules negotiated in the most recent agreements between LAC and the EU (EU-Mexico, EU-Mercosur). With this support, the IDB Group would help drive an alignment of LAC regulations with EU standards, which is key to deepening EU-LAC trade and investment relations in a way that contributes to sustainability objectives.

- The EU, by providing grant support to IDB Group-led initiatives, could help tailor some of its programs, such as "BID for the Americas" or "Connect America," to the needs of European firms and investors. The IDB Group could also facilitate trade meetings to assist them in developing business. In addition, the European private sector could provide key expertise on sustainability-related trade regulations, an area where it has a significant competitive advantage. These innovative approaches could then be scaled up and replicated or tailored to other regions.

3. Harness the IDB Invest's "originate-to-share" business model

The IDB Group, including IDB Invest, is a pivotal facilitator for originating strategic public- and private-sector operations. It has offices in each of its 26 borrowing member countries;[4] an extensive network that includes central and regional governments, private-sector actors, and investors; and expertise and credibility. This facilitating presence is particularly valuable in priority sectors such as clean energy, electricity interconnections, and CRM, and the IDB Group's ability to identify investment opportunities and open them up to other parties is embodied by IDB Invest's "originate-to-share" model. This model addresses a key challenge for Team Europe financiers, who often have ample liquidity but struggle to identify and prepare suitable investment opportunities, especially when lacking an on-the-ground presence. Supporting this model would enable the EU to scale up its investments significantly and enhance its visibility in the LAC region.

- The EU could achieve much higher levels of mobilization and access new markets in LAC by pursuing its 360-degree "Team Europe+" approach systematically, rather than on a case-by-case basis. "Team Europe+" allows the EIB and other European DFIs to tap into comprehensive packages offered by regional multilateral development banks (such as the IDB Group), while benefiting partner countries with concessional resources from the European Commission. By systematically working with the IDB Group, the EU better leverages the IDB Group's lending capacity, technical expertise, and resources in ways that align with EU interests and priorities and benefit the European private sector (notably in areas such as CRM, digital and physical connectivity, and energy transition, some of which are less accessible to European financiers).

4. Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela

- By providing grants and guarantees, the EU could better steer IDB Group project origination activities toward mutually beneficial sectors that have a strong sustainable development/climate impact, are key for European competitiveness and can strengthen the EU's development, political, and economic influence. Doing so through the IDB Group is the most effective option, as the IDB Group's network has unique credibility and legitimacy in the region

- By supporting IDB Invest's originate-to-share model, the EU could i) facilitate financial flows from EU financial institutions and private investors into the region, solidifying its position as the top FDI provider; and ii) draw valuable lessons that could lead to further project origination by European financiers in more challenging contexts such as Africa and diverse contexts such as Asia.

4. Capitalize on the IDB Group's innovations to enhance impact and stimulate innovation among European financiers

The IDB Group is widely recognized as an innovative and agile MDB that has developed several groundbreaking initiatives capable of advancing the objectives of the Global Gateway. These innovations include mobilizing private capital at scale through mechanisms such as synthetic securitization and reinsurance, investing in or hedging local currency risks to mitigate debt vulnerabilities, and adopting new business models like the "originate-to-share" model. The IDB Group has also played a leading role in testing and mainstreaming green financial instruments, including debt-for-climate swaps and outcome-based policy loans. By supporting the development of these innovations and their integration into the European financial landscape, the EU can make its development and climate finance more agile and responsive to evolving global and regional dynamics. This would enhance its partnerships with LAC and other regions and replicate strategic innovations that contribute to shared global objectives.

- Global Europe's external financial architecture can stimulate stronger European private-sector engagement in a scaled-up and more geostrategic Global Gateway by strategically leveraging the instrument's global pillar to support innovative and catalytic finance approaches, such as those pioneered by the IDB Group.

- The EU could provide grants or guarantees for the IDB Group's FX_EDGE concept (see box 5), which mitigates local currency risks and helps mobilize foreign investments at scale in priority infrastructure projects. It could also tap into IDB Group's expertise to better understand how to replicate such initiatives in more challenging contexts beyond LAC.

- Through grants and/or guarantees, the EU could generate capacity for the IDB or IDB Invest to lend to sectors that prioritize EU competitiveness and strategic autonomy. This approach could:

  - Facilitate IDB Invest's synthetic securitization process in a way that attracts European institutional investors' capital to emerging markets and developing economies.

  - Scale up performance-based finance instruments (and integrate them within other instruments like policy-based loans [PBLs]), especially to help address challenges linked to resilience to shocks.

- By supporting key innovations, the EU could deploy a wider toolbox of instruments that could be mainstreamed and implemented by other European financiers. This would make European development finance more agile, flexible, and responsive to new challenges and priorities.

Box 5. FX EDGE: Layering Financial Instruments to Scale Private Capital and FDI in LAC

FX EDGE is a groundbreaking platform launched in 2025 and designed to help countries attract more private investment in sustainable development by tackling one of the oldest barriers: currency volatility. The initiative offers a flexible, scalable package of tools for policymakers:

- Blended Finance & Project Preparation Facility: tailored to country needs to boost investment in priority sectors.

- FX Derivatives Program: cost-efficient, long-term hedging instruments backed by the IDB Group and other multilaterals.

- FX Liquidity Facility: a contingent credit line that activates during sharp currency depreciation, helping projects meet foreign currency obligations.

FX EDGE builds on the success of a first program of its nature, Eco Invest Brasil, launched by the Brazilian government and the IDB to accelerate the country's ecological transformation plan.

A distinctive feature of Eco Invest Brasil is its use of auctions to allocate blended finance and project preparation resources. Across the program's first four auction rounds, approximately **R$44.1 billion (US$7.4bn)** in catalytic capital generated commitments of **R$140.8 billion (US$23.7bn)** in total investment, representing an overall leverage ratio of approximately **3.2 to 1**. The auctions have supported investments in ecological-transition sectors, restoration of degraded land, regenerative agriculture, climate-focused equity funds, sustainable infrastructure, and the Amazon bioeconomy. Approximately **R$70.4 billion (US$13.6bn)** of commitments were associated with international capital mobilization.

For the European Union, Eco Invest Brasil illustrates how relatively limited concessional resources can be combined with innovative financial solutions and partnerships with regional multilateral development banks to mobilize private investment at scale. As the EU seeks to strengthen the impact of the Global Gateway and the next Global Europe instrument, the FX EDGE platform provides a path to replicate the success of Eco Invest Brasil, leveraging public resources to support climate, competitiveness, and economic security objectives while creating investment opportunities for European financial institutions and businesses.

5. Build stronger, more strategic, and mutually beneficial partnerships through the IDB Group

The IDB Group is regarded as a key, well-connected actor in LAC. Through its extensive network and capacity to mobilize both private and public investments, including from Europe, the IDB Group is well positioned to play a pivotal role in facilitating and operationalizing strategic partnerships between the EU and key LAC countries. These partnerships could focus on areas such as trade and investment, clean energy, transport, CRMs, and digital transformation. Through the IDB Group, the EU can engage at different stages of the project cycle—from upstream technical cooperation and diagnostics to long-term investment lending and policy support—enabling sustained, results-oriented interventions. And the IDB Group's ability to translate policies into a pipeline of concrete investment opportunities will support the EU's economic and geostrategic objectives, particularly in a context where the EU or Team Europe may have limited direct representation and operational capacity in the region. In particular, as the EU considers adding PBLs to its range of financial instruments in its new budget framework, the IDB Group brings longstanding experience with this instrument and has recently strengthened its policy framework to further enhance its transformational impact. Building on this expertise, closer EU-IDB Group co-financing of PBLs could support deeper policy reforms and regulatory alignment, amplifying development outcomes and advancing the EU's strategic objectives in the region. The IDB Group is well positioned to streamline negotiation processes for these PBLs when co-financed, minimize the operational burden for the EU and partner countries, and support their impact at scale in the short to mid-term.

V. Conclusion

The 2028–2034 MFF offers a powerful opportunity to strengthen the partnership between the EU and the IDB Group and achieve shared objectives in LAC, building on the fact that almost a third of IDB Group's membership is European. Through a more ambitious, inclusive, and flexible financial and operational approach, the EU can harness the full potential of the Global Gateway to advance its geostrategic and economic interests, while supporting the region's sustainable and inclusive development. In particular, leveraging partnerships with strategically regional MDBs like the IDB Group represents a key opportunity to:

- **i.** Mobilize non-EU capital to achieve EU policy objectives with lower risk;
- **ii.** Attract additional European private investments;
- **iii.** Tap into extensive public- and private-sector networks for more efficient and strategic project origination; and
- **iv.** Leverage the expertise and innovations that can complement and support those of European financiers.

The IDB Group is ideally positioned to support strategic Global Gateway projects and to accompany the shift toward regional policy programming, given its capacity to respond quickly to evolving EU policy objectives. Its strong presence in 26 LAC countries and its vast array of financing instruments across all Global Gateway sectors make it an unmatched partner to maximize impact and strategic opportunities for the EU in the region.

Annex 1:
The IDB Group at a Glance

The IDB, IDB Invest, and IDB Lab are committed to improving lives in LAC. Together, these three institutions comprise the IDB Group.

IDB

Founded in 1959, the IDB is the world's oldest and largest regional multilateral development bank. It serves as the main source of multilateral financing for economic, social, and institutional development in the region. The IDB is committed to improving lives across the region by designing, implementing, and supporting innovative and sustainable solutions. Through a combination of knowledge, technical cooperation, and financing, the bank promotes inclusive growth, strengthens institutions, and advances well-being throughout LAC.

IDB INVEST

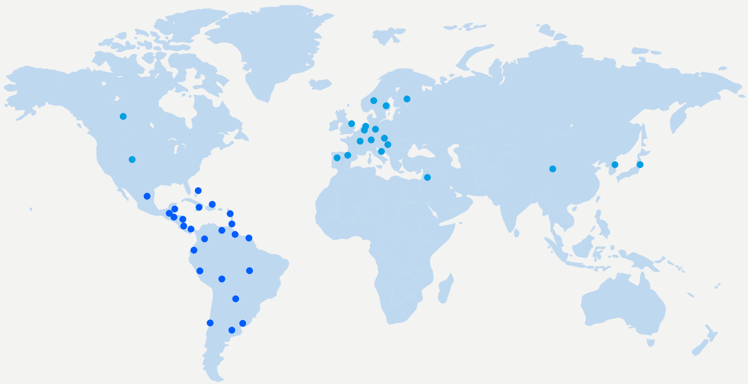
The mission of IDB Invest is to promote economic development in the region through the private sector. It supports private-sector and state-owned enterprises through loans, equity investments, and guarantees, and partners with clients to provide advisory and training services. IDB Invest also works with investors from the region and around the world, helping them navigate local markets, understand investment opportunities, and invest in sustainable and impactful projects across LAC.

IDB LAB

IDB Lab is the IDB Group's innovation and venture capital arm. It supports entrepreneurship and new technologies by providing financing, knowledge, and connections to drive market-led solutions for development challenges in the region.

FINANCIAL STRENGTH & GLOBAL PRESENCE

The IDB's financial resources come from its 48 member countries and from borrowing in financial markets, trust funds that it administers, and cofinancing ventures. Its debt rating is AAA, the highest available. IDB Invest also holds top-tier credit ratings, including AAA/Stable by Fitch; Aa1/Stable from Moody's and a recent upgrade to AAA/stable from S&P Global Ratings. The IDB Group is headquartered in Washington, DC and has offices in its 26 member countries in LAC, as well as in Madrid and Tokyo.



26 Borrowing Member Countries (LAC)

The IDB and IDB Invest have 26 borrowing member countries, all located in LAC These countries are Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

22 Non-Borrowing Member Countries

Additionally, the IDB and IDB Invest have 22 nonborrowing member countries, 16 of which are European: Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Non-borrowing countries provide capital, and their voting power on the Board of Governors and the Board of Executive Directors is proportional to their subscribed capital.

Membership in the IDB enables nonborrowing countries to use our institution to channel their resources and efforts toward the development of LAC. This extends their reach to a larger number of beneficiary countries, maximizes the impact of initiatives, and complements their bilateral programs. Beyond its development non-borrowing impact, IDB membership also delivers economic benefits to shareholder countries by granting their firms access to procurement opportunities in IDB-financed projects and advisory operations throughout LAC.

Annex 2:

The EU's Ongoing Benefits from Partnering with IDB Group: Numbers and examples

IDB Group

The EU's Ongoing Benefits from Partnering with IDB Group under Global Gateway

Numbers and examples (2023–2025)

Public Sector Co-financing

€4 Billion

€142 Million
EU grants leveraging IDB and IDB Lab lending

€1.05 Billion
European Development Finance Institutions and IDB

€3.00 Billion
IDB and IDB Lab

Includes cofinancing and grants from EU Commission, EU DFI's and EIB with IDB in public sector projects

Private Sector Mobilization

€7.4 Billion

IDB Invest mobilizes private capital alongside European development finance institutions, supporting Global Gateway priorities in:

- Energy Transition
- Digital Connectivity
- Sustainable Infrastructure

More than €7 billion has been mobilized with European sponsors and financial partners across Latin America and the Caribbean.

Procurement Awards to EU firms*

€642 Million

220
EU firms awarded contracts

58%
Bidding success rate

43%
Share of contracts awarded among non-borrowing member countries

23
Countries across Latin America and the Caribbean

European firms consistently outperform other non-borrowing members in sectors such as social investment, water and sanitation, and trade.

*amounts covering the period 2021-2025.

IDB Group

Partnership in Action

Delivering Impact Across Latin America and the Caribbean

Key Areas of Impact

Critical Raw Materials Initiative

Supporting sustainable mining, responsible value chains, and policy reforms to strengthen the green and digital transition (with the EU).

- **EU-supported Mining for the Energy Transition Facility**
- **LAC Minerals Initiative**
- **Sustainable investment mobilization**

Energy Integration & Interconnections

Expanding regional energy infrastructure and cross-border connectivity.

Projects include:

- **Paraguay —High-voltage transmission expansion** (EIB and the EU)
- **Digital Connectivity Expansion in Brazilian Amazon** (with AFD and EU)
- **Ecuador-Peru Power interconnection system** (with EIB and EU)
- **Suriname — Bio SWEET initiative** (with the EU)

Digital Transformation & Connectivity

Expanding digital inclusion, broadband access, innovation, and cybersecurity. Examples include:

- **El Salvador —** Social Digital Connectivity (with the EU)
- **Guatemala —** Wayfree (with the EU)
- **Belize —** Digital Innovation Program (with the EU)
- **El Salvador —** CYBERLAMARR (with the EU)

Caribequity

Regional platform strengthening innovation ecosystems, investment readiness, and private-sector growth across the Caribbean (with the EU).

Global Green Bond Initiative

Flagship Global Gateway initiative mobilizing up to €20 billion in sustainable investment through green bond markets.

IDB Group serves as an implementing partner in Latin America and the Caribbean (with the EU).

Private Investment Examples

Renewstable Barbados	Development of the First Green Hydrogen Power Plant in Barbados with IFC, HDF Energy and Rubis.
Fibra Nova	Development of Industrial Parks in Mexico with DEG.
Nokia	Development of secure digital infrastructure and resilient connectivity ecosystems across the region.

A Partnership that Delivers Results

The Team Europe–IDB Group partnership combines public financing, private capital mobilization, and strategic investments to accelerate sustainable development, strengthen regional integration, and create new opportunities for European and Latin American stakeholders.

Annex 3:

Regional Programs and Cross-Cutting Initiatives

IDB Group

A New Approach to Regional Cooperation

The IDB Group has adopted a new generation of regional cooperation platforms and initiatives designed to transform shared challenges into practical, results-oriented solutions. Unlike traditional integration approaches, these initiatives are country-driven, flexible, and focused on implementation, investment mobilization, and measurable development outcomes. By combining financing, technical assistance, knowledge generation, and public-private collaboration, the programs help countries address challenges that transcend national borders while strengthening regional integration and competitiveness.

Cross-cutting initiatives

LAC Minerals

As demand for critical minerals accelerates worldwide, LAC is emerging as a strategic supplier for the industries underpinning the energy transition and the digital economy. LAC Minerals supports countries in leveraging this opportunity by fostering the conditions needed to develop competitive, sustainable, and resilient mineral value chains. The initiative advances policy dialogue, investment, and knowledge sharing to help countries move beyond resource extraction and capture greater economic value through processing, infrastructure development, and stronger linkages with local industries. In doing so, it seeks to strengthen the region's role in global supply chains while promoting sustainable growth and long-term economic resilience.

Ready and Resilient Americas

Natural disasters and climate-related shocks continue to impose high human and economic costs across LAC. Ready and Resilient Americas helps countries strengthen preparedness, improve coordination, and increase financial resilience before crises occur. The initiative supports stronger risk information systems, enhanced cooperation among governments and regional institutions, and innovative financial solutions that help countries respond more effectively and recover faster. It also provides a platform for collaboration among development partners and the private sector, recognizing that disaster resilience requires collective action across borders.

BID for the Americas

BID for the Americas connects international companies, investors, and financial institutions with business opportunities across LAC, leveraging the IDB Group's regional presence, networks, and project pipeline. The initiative helps firms identify procurement opportunities, develop partnerships, and access high-impact projects in sectors ranging from infrastructure and energy to digitalization and health. It also serves as a bridge between global and regional markets, fostering new commercial relationships and supporting greater private-sector participation in the region's development.

Regional initiatives

Amazonia Forever

Amazonia Forever is the IDB Group's flagship regional coordination program for the sustainable, inclusive, and resilient development of the Amazon region. Developed in partnership with Amazonian countries, the program seeks to scale up financing, share strategic knowledge, and strengthen regional coordination to address the region's most pressing development challenges. Through investments, policy dialogue, technical cooperation, and multi-stakeholder partnerships, Amazonia Forever promotes biodiversity conservation, resilience, sustainable economic opportunities, and improved livelihoods for local communities. Bringing together governments, the private sector, civil society organizations, development partners, and international financial institutions, the program provides a framework for addressing challenges that transcend national borders while mobilizing resources, expertise, and innovation at scale. Through this collaborative approach, Amazonia Forever supports a shared vision of an Amazon region that is sustainable, economically inclusive, and resilient for future generations.

América en el Centro

América en el Centro is the IDB Group's regional development program for Central America, Panama, and the Dominican Republic. Built around a shared vision of a more integrated, productive, resilient, and prosperous subregion, the program promotes coordinated action through three strategic pillars: (i) productivity and economic integration; (ii) climate adaptation and resilience; and (iii) social development of the youth. The program is operationalized through flagship initiatives, such as Cargo Pass and Talent Up. Cargo Pass seeks to create a logistics ecosystem to foster competitiveness and integration, making cargo movement more efficient, modern and secure. Talent UP supports the creation of national talent ecosystems to align skills with the needs of priority productive sectors. Additionally, América en el Centro supports digital transformation initiatives, such as the advancement of the region in the Panamerican Highway of Digital Health (PH4H) and the digitalization of tax administrations.

South Connection

South Connection is the IDB Group's regional program for advancing connectivity, competitiveness, and economic integration across South America. The initiative represents a joint commitment by South American countries to strengthen the physical, energy, and digital connections among countries, while improving logistics, facilitating trade, modernizing regulatory frameworks, and enhancing institutional coordination. By addressing structural bottlenecks that constrain the cross-border flow of goods, services, energy, and data, South Connection aims to foster a more integrated, competitive, resilient, and sustainable region. Through its convening power, financing instruments, technical expertise, and policy dialogue, the IDB Group supports coordinated investments and reforms that translate shared regional priorities into tangible development outcomes.

ONE Caribbean

ONE Caribbean is the IDB Group's comprehensive regional strategic framework for promoting sustainable development in the Caribbean through regional collaboration and collective action. Developed in response to a request from Caribbean Governors and regional stakeholders, the initiative recognizes that many of the region's most pressing challenges transcend national boundaries and require regional solutions. ONE Caribbean supports coordinated efforts across four strategic pillars: climate adaptation, resilience and disaster risk management; citizen security; private sector development; and food security, while advancing institutional strengthening and digital transformation as cross-cutting priorities. By fostering partnerships among governments, regional institutions, development partners, and the private sector, ONE Caribbean helps generate economies of scale, mobilize investment, strengthen resilience, and improve development outcomes across the region. Through its regional program and project preparation mechanism, the initiative seeks to build a stronger, more resilient, and more prosperous Caribbean.

IDB Group