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RENEWABLE ENERGIES

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SUSTAINABLE ENERGY

RENEWABLE ENERGY AND ENERGY EFFICIENCY COUNTRIES

Latin America and the Caribbean (LAC) host some of the most dynamic renewable energy markets in the world, with more than a quarter of the region's primary energy coming from renewables, twice the global average. The growth of renewable energy is key to LAC meeting its economic development and climate change goals. The region will need to prepare for higher energy consumption from its growing populations and income.

In Latin America, the power sector is characterised by a high dependence on hydropower – solar and wind resources accounted for only 16% of total renewable generation in 2020. In the Caribbean region, renewable energy is becoming competitive because of rapidly increasing efficiencies in solar PV, wind, battery storage and renewable generation distribution. However, 87% of power generated in this region still comes from imported fossil fuels, making it dependent on this energy source, despite the availability of solar, wind, hydro, geothermal and biomass resources.

It is becoming increasingly vital to expand the share of those renewable sources in the generation mix. Countries are beginning to diversify their energy sources, creating more enabling policy and regulatory environments. Recent actions in Argentina, Brazil, Mexico, Chile, Peru and Barbados have helped to accelerate the deployment of thousands of megawatts of wind and solar energy. Governments in the region have set a target of generating 70% of total energy consumption from renewables by 2030, which requires a rapid acceleration in renewable projects.

Sustainable energy has also become a topic of great interest for the EU as well as for the international community. **Sustainable Development Goal 7** (ensure access to affordable, reliable, sustainable, and modern energy for all) specifically addresses this objective. In addition, the achievement of SDG 7 is linked to several other SDGs, notably SDG 13 (take urgent action to combat climate change and its impacts).

Sustainable energy is fundamental to social and economic development and to sustainable growth. The current reliance on fossil fuels is unsustainable and harmful to the planet, which is why effective action to create safe and sustainable, low-carbon, climate-resilient energy systems is essential to tackling climate change. LAC countries carry less responsibility for the effects of climate change, given their very low carbon emissions. However, they do experience its effects in the form of hurricanes, storms and floods, which are among their greatest disruption risks. Measures and infrastructure to improve the ability of LAC countries to withstand and recover from natural disasters

are also priorities for the region.

The EU is fully committed to supporting partner countries as they transition towards modern, safe and sustainable energy systems, low-carbon growth and the achievement of SDG 7 and SDG 13. Guaranteeing universal access to sustainable energy services is fundamental to socio-economic development, inclusive growth of disadvantaged and isolated communities, boosting competitiveness and promoting sustainable urban transport. EU initiatives promote access to energy, renewable energy generation and energy efficiency and support the fight against climate change. The EU prioritises three main courses of action: (i) promoting political ownership and partnerships for implementation; (ii) improving governance and reform of the energy sector; and (iii) boosting investment through innovative financial instruments.

The **Latin America and Caribbean Investment Facilities (LAIF and CIF)** invest in projects that develop renewable sources of energy, improve energy efficiency and provide access to energy. A total of 23 energy-related projects have been funded by both facilities since their creation. These have included a variety of projects to improve the quality of access to energy, increase energy efficiency and promote renewable energy generation. Building or developing energy infrastructure is expensive and usually requires combining various sources of funding. LAIF and CIF help to unlock public and private investment for renewable energy projects (hydroelectric, solar and geothermal). Priority is given to projects tackling energy loss reduction measures, energy interconnections between countries and social measures, such as the "social rate", to ensure access to affordable electricity for those on low incomes.

In addition to regional blending facilities, the EU supports small- and medium-scale projects, through such programmes as EUROCLIMA+ and ElectriFI. These initiatives promote energy efficiency projects and boost private sector investment. Together with Member States, the private sector, civil society and European, national and regional development finance institutions, the EU provides access to reliable, affordable and renewable electricity and energy services in developing countries. The EU also supports innovation and research into sustainable energy and climate change through development cooperation in partner countries and innovative research pilot initiatives for renewable energy production, such as bioenergy and energy storage, including clean hydrogen and batteries, geothermal energy, hydropower, ocean energy, solar energy and wind energy, among others.

Main challenges and way forward

Higher energy consumption: LAC countries have growing urban populations and energy demand is increasing. Diversification of renewable energy sources in the region is vital. Modern technologies in the fields of solar and geothermal energies are needed to ensure that the growing rural and urban populations have access to sufficient and quality power.

Transition to safe and sustainable, low-carbon, climate-resilient energy: A successful transition strategy to move the region from fossil fuels and carbon to renewable energies must promote political ownership and partnerships for implementation, improve governance, support energy sector reforms and boost investment through innovative financial instruments for infrastructure that involve public and private institutions.

Resilient actions to ensure access to energy after a climatic event: LAC countries are experiencing more frequent and intense climatic events. Appropriate measures and better-quality infrastructure are needed to improve the ability of energy systems to withstand and recover from natural disasters and avoid long power cuts caused by damaged energy infrastructure.

Indicators

Number of projects:
23

Total number of beneficiaries:
13,974,214

Number of jobs created or supported:
26,191

Greenhouse gas emissions reduction:
17,246 CO_2 kt
equivalent/year

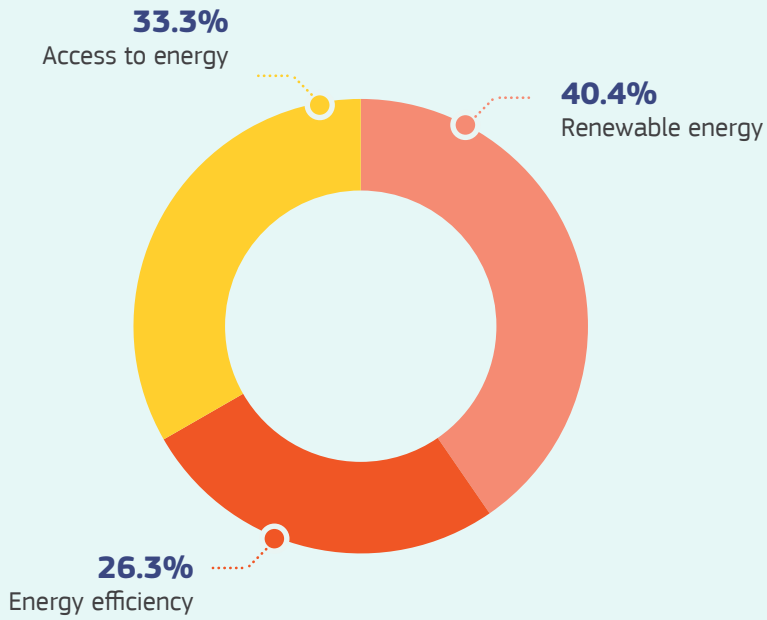
Additional renewable power capacity installed:
879 MW

Additional power production from renewable sources:
4,705 GWh
equivalent/year

New connections to electricity grid:
2,157,077

Energy savings:
1,237 MWh
equivalent/year

LAIF and CIF contribution per sector



Total contribution from LAIF & CIF:
€ 218 555 000

Bilateral and multi-country projects
https://www.eulaif.eu/en/projects
https://www.eu-cif.eu/en/projects

This fiche was prepared with the most recent information and data available from the banks under their contractual responsibility fully to inform LAIF promptly about the developments in the projects.