



The EU's External Investment Plan

The new generation instrument for sustainable development



Flanders Department of Foreign Affairs
Stakeholders Meeting Development Cooperation “The Sustainable Development Goals: Inspiration for Action”

Brussels, 24 May 2018
Paulus Geraedts, European Commission

#EIP

#InvestGlobal



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Funding instruments external cooperation and external aid 2014/2020

Thematic instruments

Geographical instruments

European Instrument for Democracy and Human Rights EIDHR

€1332.75 million

Instrument for Nuclear Safety Cooperation INSC

€120.34 million

Instrument contributing to Stability and Peace IcSP

€ 2 338.719 million

Partnership Instrument PI

€ 954.7 million

Instrument for Development Cooperation DCI

Global Public Goods and Challenges GPGC

Civil society organisations and local authorities

€7 billion

European Development Fund EDF

ACP countries
Overseas Countries and Territories of Member States

€ 30.5 billion

Instrument for Pre-accession Assistance II IPA

€ 11.7 billion

Instrument for Greenland IfG

€ 217.8 million

Instrument for Development Cooperation DCI

Latin America
Asia
Central Asia
the Middle-East
South Africa

€ 11.8 billion

Pan-African programme

€ 845 million

European Neighbourhood Instrument ENI

€ 15.4 billion

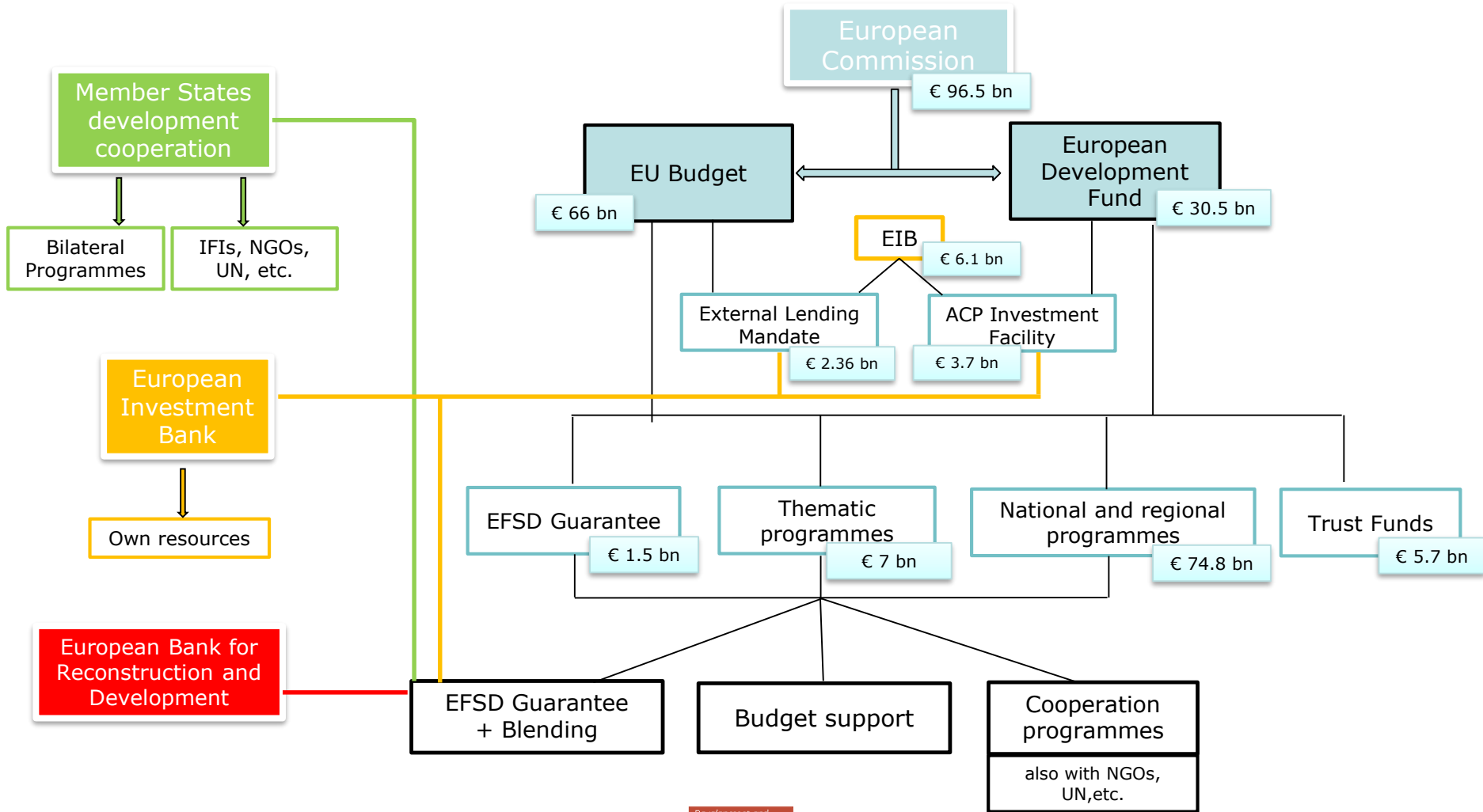
External Investment Plan EIP

€ 4.1 billion



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EU external cooperation MFF 2014-2020



We continue implementing policies

- ✓ **Addis Ababa Action Agenda** on Financing for Development
- ✓ The 2017 **European Consensus on Development**
- ✓ **Global Strategy** for the EU Foreign and Security Policy
- ✓ EU Communication "The **Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries**"
- ✓ Revised joint priorities for cooperation under the **European Neighbourhood Policy**
- ✓ EU Communication "For a renewed impetus of the **Africa-EU Partnership**"





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What are the EIP goals?



Contribute to
Sustainable
Development



Improve
Investment
climate



Encourage private
Investments



Tackle root
causes of
migration



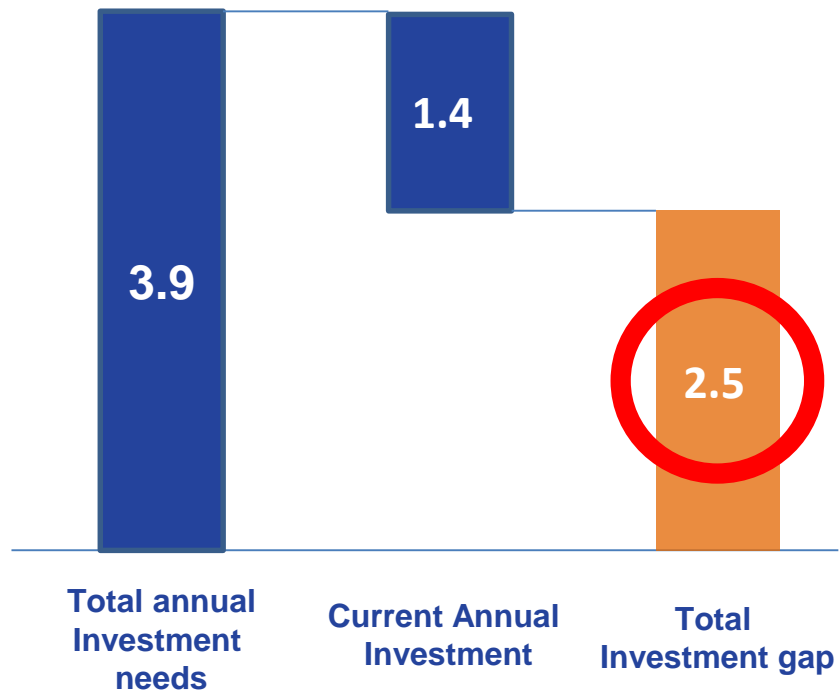
Focus on
jobs and
growth



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Why do we act?

Estimated global investment gap in key SDG sectors, 2015-30 Trillions of USD, annual average

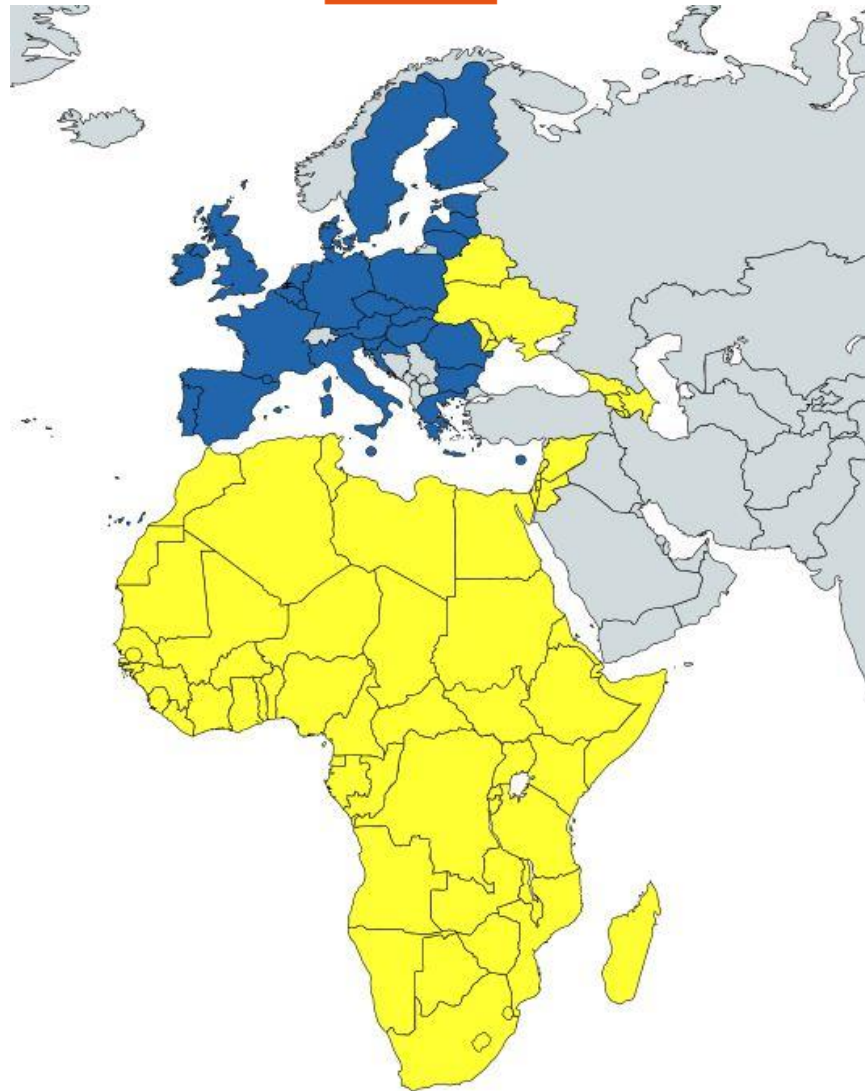


Source: World Economic Forum (2015)



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Where do we act?





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How do we act? The Three-Pillar Approach



European Fund for Sustainable Development (EFSD)

- New guarantee to reduce risk
- Blending loans and grants
 - Africa Investment Platform
 - EU Neighbourhood Investment Platform



Technical Assistance

- Support local authorities and companies preparing bankable projects
- Improving the investment climate in close engagement with the Private Sector



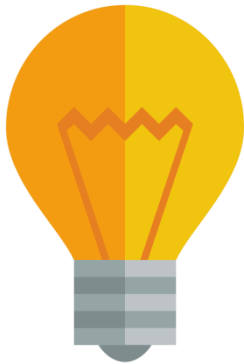
Investment Climate

- Structured dialogue with business
- Market Intelligence & Analytics
- Policy and political dialogue
 - EU Cooperation

A one-stop-shop for public and private investors



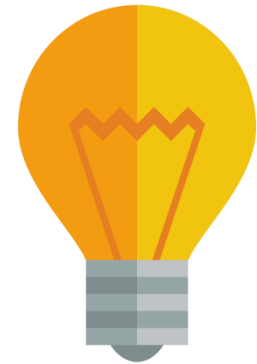
What is new?



**Integrated
3-pillar
approach**



**EFSD
Guarantee**



**One-stop-shop
for public and
private
investors**

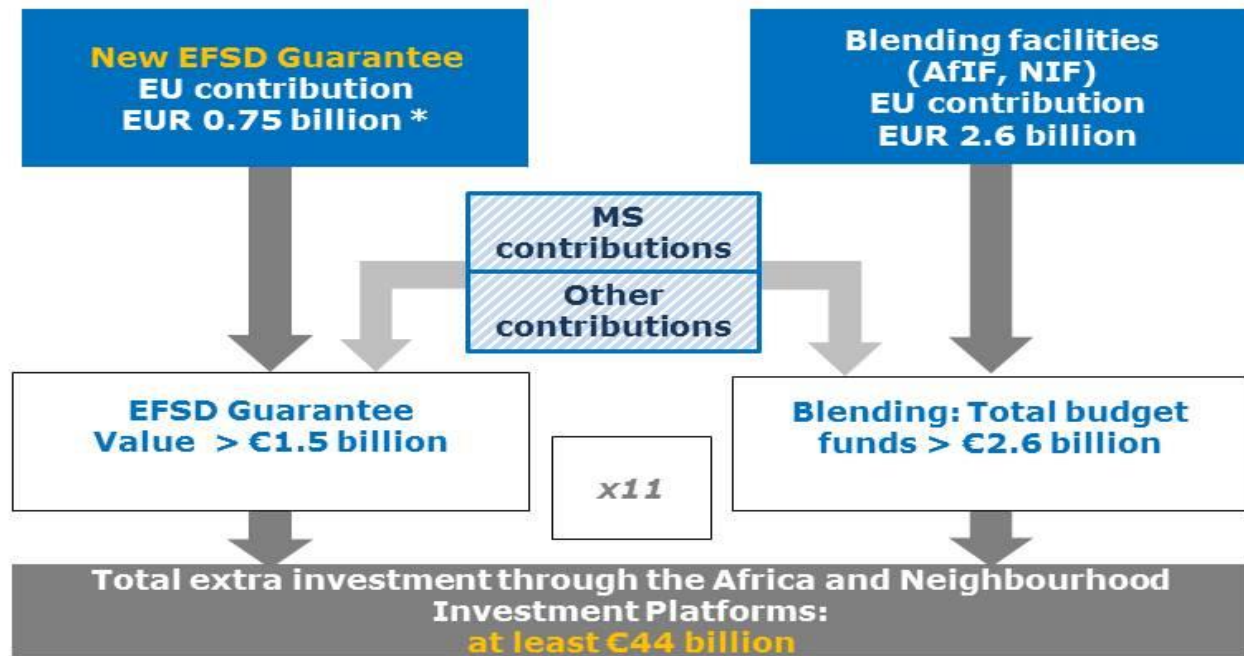


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Pillar 1: EFSD resources

NEW PARTNERSHIP FRAMEWORK – EXTERNAL INVESTMENT PLAN

European Fund for Sustainable Development (EFSD)



* Plus a EUR 0.75 billion contingent liability.

The EFSD Guarantee

A risk mitigation mechanism

to stimulate investments in
Africa and in the
Neighbourhood



Will leverage additional
financing, in particular from
the **private sector**
(crowding in), by reducing
the risk associated with
specific operations

A guarantee capacity for credit

enhancement will ultimately
benefit
the final investments and
allow risk sharing
with other investors,
notably private actors



Will **provide liquidity**
from its guarantee
fund (liquidity cushion)

Investment operations covered by the EFSD guarantee

✓ Investment operations should

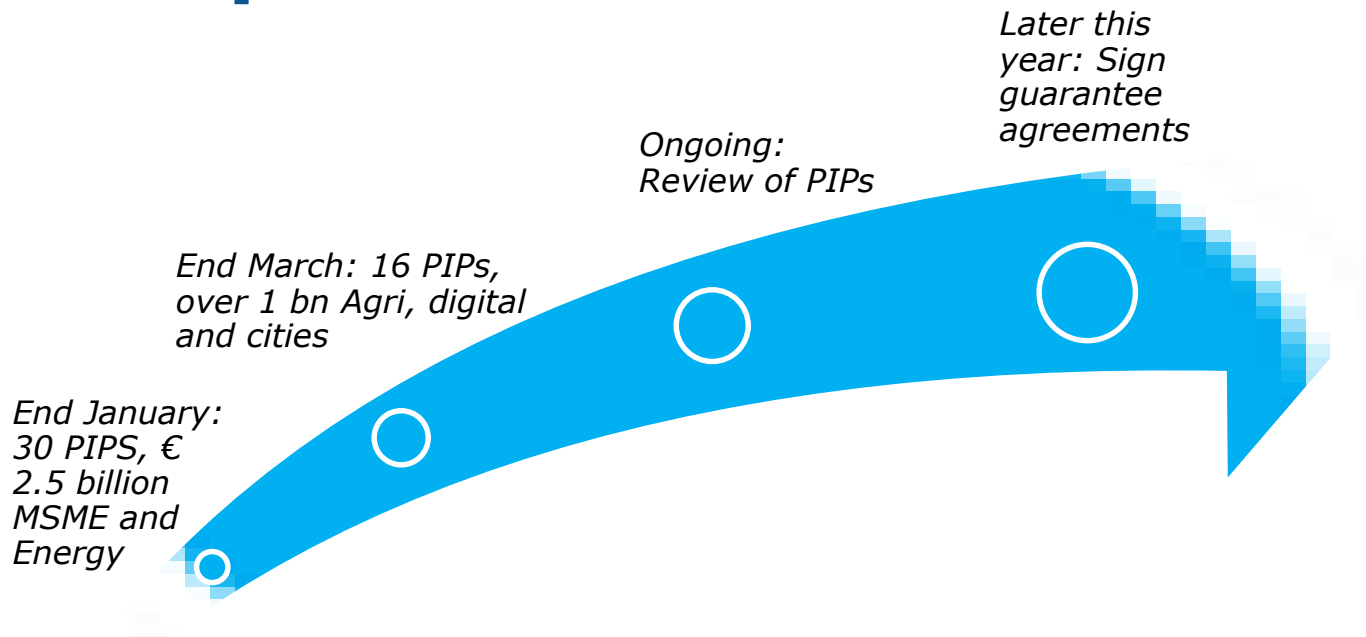
- Contribute to achieve the Sustainable Development Goals
- Additionally, complementary with other initiatives, providing adequate risk sharing
- Economically and financially viable
- Maximise the mobilisation of private sector capital
- Respect the principles of development effectiveness

✓ Market failures or sub-optimal investment situations

Cross-cutting objective: local currency financing, focus on fragile states, not-distorting market competition



EFSD Guarantee: state-of-play and next steps





First investment windows

1. Sustainable Energy and Sustainable Connectivity
2. Micro, Small and Medium Enterprises (MSMEs) Financing
3. Sustainable Agriculture, Rural Entrepreneurs and Agribusiness
4. Sustainable Cities
5. Digitalisation for Sustainable Development

Cross-cutting objective: local currency financing, focus on fragile states, not-distorting market competition

Pillar 2: Technical Assistance in support of Pillars 1 and 3

Support Pillar 3

Market intelligence, Investment
Climate Analysis, Dialogue

Government Reforms

Capacity building and value chains
upgrading

Pillar 2

Investment pre-identification phase

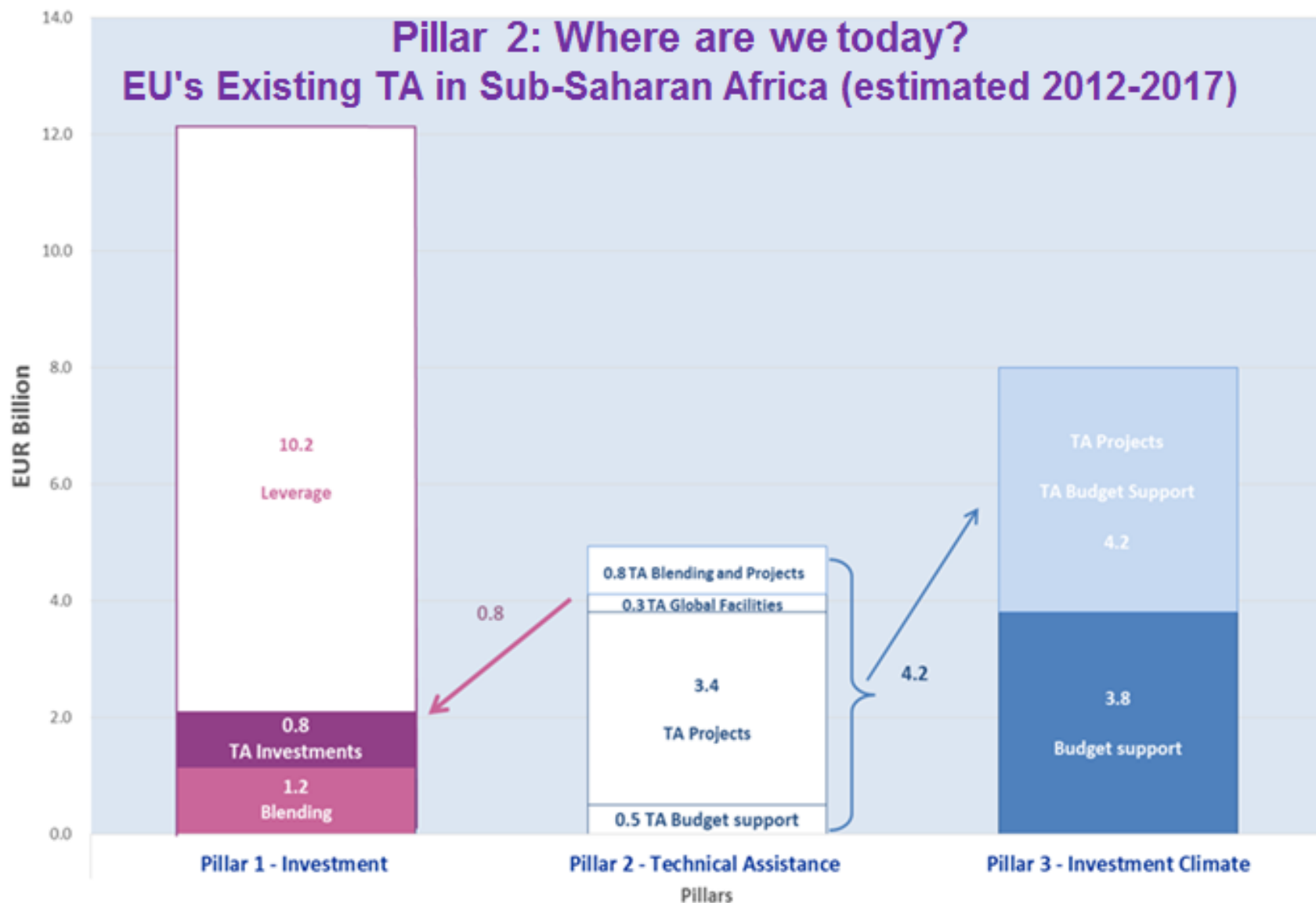
Investment preparation

Investment phase

Support Pillar 1

Pillar 2: Where are we today?

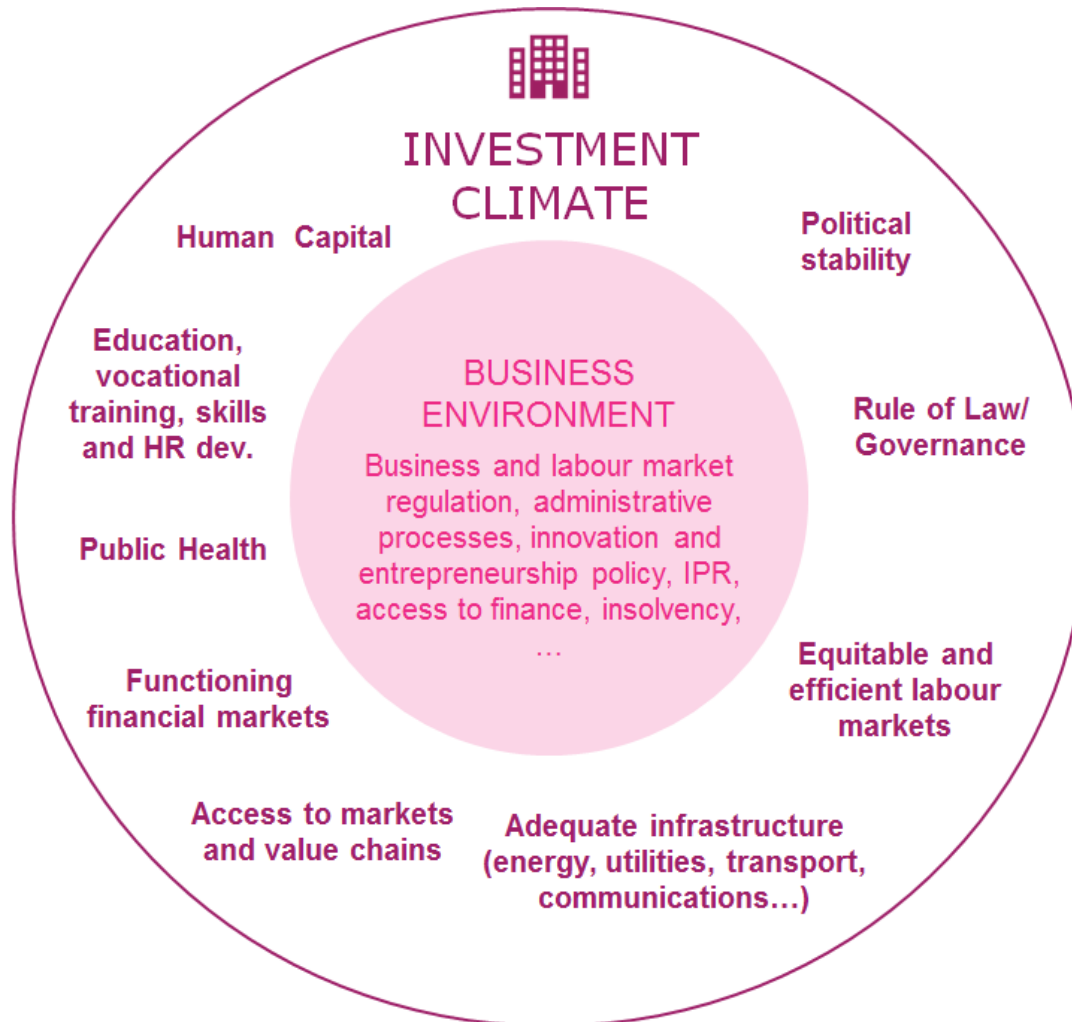
EU's Existing TA in Sub-Saharan Africa (estimated 2012-2017)





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Pillar 3: Promoting a conducive investment climate



Pillar 3: Promoting a conducive investment climate "3-step bottom-up approach"

Structured dialogue with business

Bring in private sector
perspective on business
constraints
(SB4A)

Country analysis: sector and value chains

Market intelligence,
investment opportunities, in
key sectors and value
chains

Policy and political dialogue with partner countries; EU Cooperation

Governance, reforms,
value chain upgrading, TA,
budget support

Coherence and complementarity

Key role of EU Delegations

Pillar 3: Support to value chains development and upgrading



Identification of value chains with high potential



Increase local value added



Development and upgrading

Thematic priorities: economic empowerment of women and youth; decent work and living wages; transparency and traceability in the value chain

The EIP – How can businesses engage?

1. Through the One-stop-shop

- Web form to enter your ideas - for investors and promoters
- Enhancing accessibility

2. In the dialogue on investment climate

- Help identifying key constraints to investment
- Country, sector and strategic level - EU Delegations



The EIP – How can businesses access it?

3. For proposed actions – through International financial institutions

Micro Small Medium Enterprises/ Cooperatives

- Local Financial Institutions that benefit from risk sharing
- Single entry point

Start-ups

- Investment funds
- Venture capital supported by EIP

Large Companies

- Development Financial Institutions
- Private banks
- Risk-sharing Instruments

EU External Investment Plan

Investing together in creating jobs and development

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Related events

Documents

Questions and answers

Latest



What is the External Investment Plan



Mobilising finance



Stepping up technical support



Improving the investment climate



Projects financed so far



How you can engage

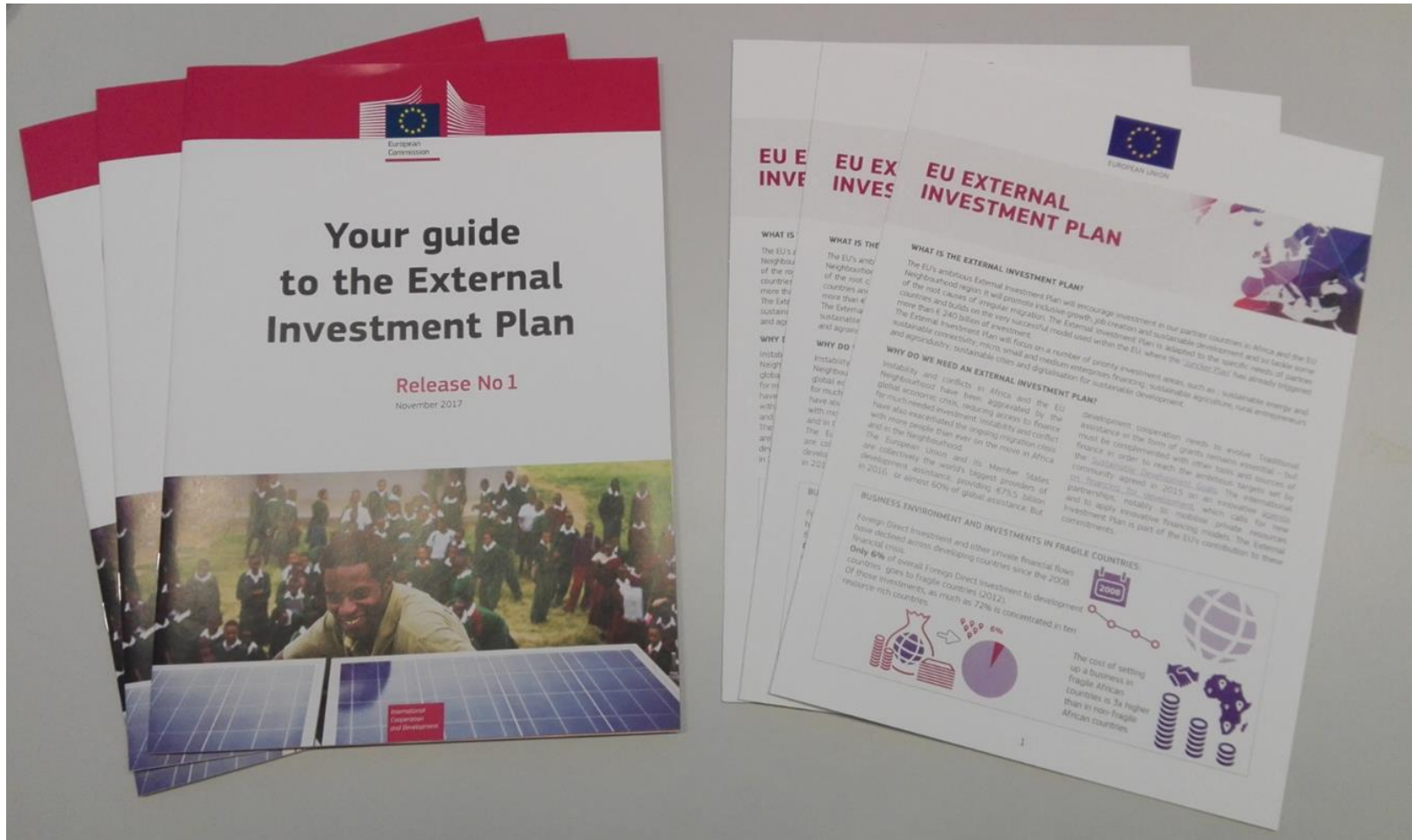
https://ec.europa.eu/commission/external-investment-plan_en





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EC-EIP-EFSD-SECRETARIAT@EC.EUROPA.EU



Your guide to the External Investment Plan

Release No 1
November 2017



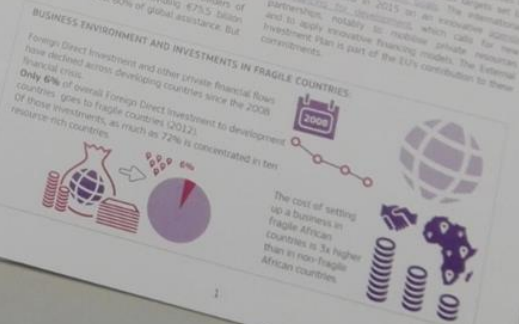
EU EXTERNAL INVESTMENT PLAN

WHAT IS THE EXTERNAL INVESTMENT PLAN?
The EU's ambitious External Investment Plan will encourage investment in our partner countries in Africa and the EU neighbourhood region. It will promote inclusive growth, job creation and sustainable development and to tackle some of the root causes of irregular migration. The External Investment Plan is adapted to the specific needs of partner countries and builds on the very successful model used within the EU, where the 'SUCCESS' plan has already triggered more than € 240 billion of investment.

WHAT IS THE EXTERNAL INVESTMENT PLAN?
The External Investment Plan will focus on a number of priority investment areas, such as: sustainable energy and sustainable connectivity, micro, small and medium enterprises financing, sustainable agriculture, rural entrepreneurs and agri-food, sustainable cities and digitalisation for sustainable development.

WHY DO WE NEED AN EXTERNAL INVESTMENT PLAN?
Instability and conflicts in Africa and the EU neighbourhood have been aggravated by the global economic crisis, reducing access to finance for much needed investment. Instability and conflict have also exacerbated the ongoing migration crisis with more people than ever on the move in Africa and in the EU neighbourhood.

WHY DO WE NEED AN EXTERNAL INVESTMENT PLAN?
The European Union and its Member States are collectively the world's largest providers of development assistance, providing €275.5 billion in 2016, or almost 60% of global assistance. But development cooperation needs to evolve. Traditional assistance in the form of grants remains essential – but must be complemented with other tools and sources of finance in order to reach the ambitious targets set by the Sustainable Development Goals. The international community agreed in 2015 on an inclusive agenda and to apply innovative financing models. The External Investment Plan is part of the EU's contribution to these commitments.





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Summary

- ✓ Integrated three-pillar approach
– Seizing Synergies
- ✓ Enhancing Transparency
Accessibility and Efficiency
- ✓ EFSD Guarantee – innovative
instrument, providing more funds
and more flexibility