



European External Investment Plan

State of play, next steps

Paris, 13 October 2017



European Commission Communications on establishing a new Partnership Framework with third countries (June 7th 2016) and a new European External Investment Plan (September 14th 2016)

The European Commission:

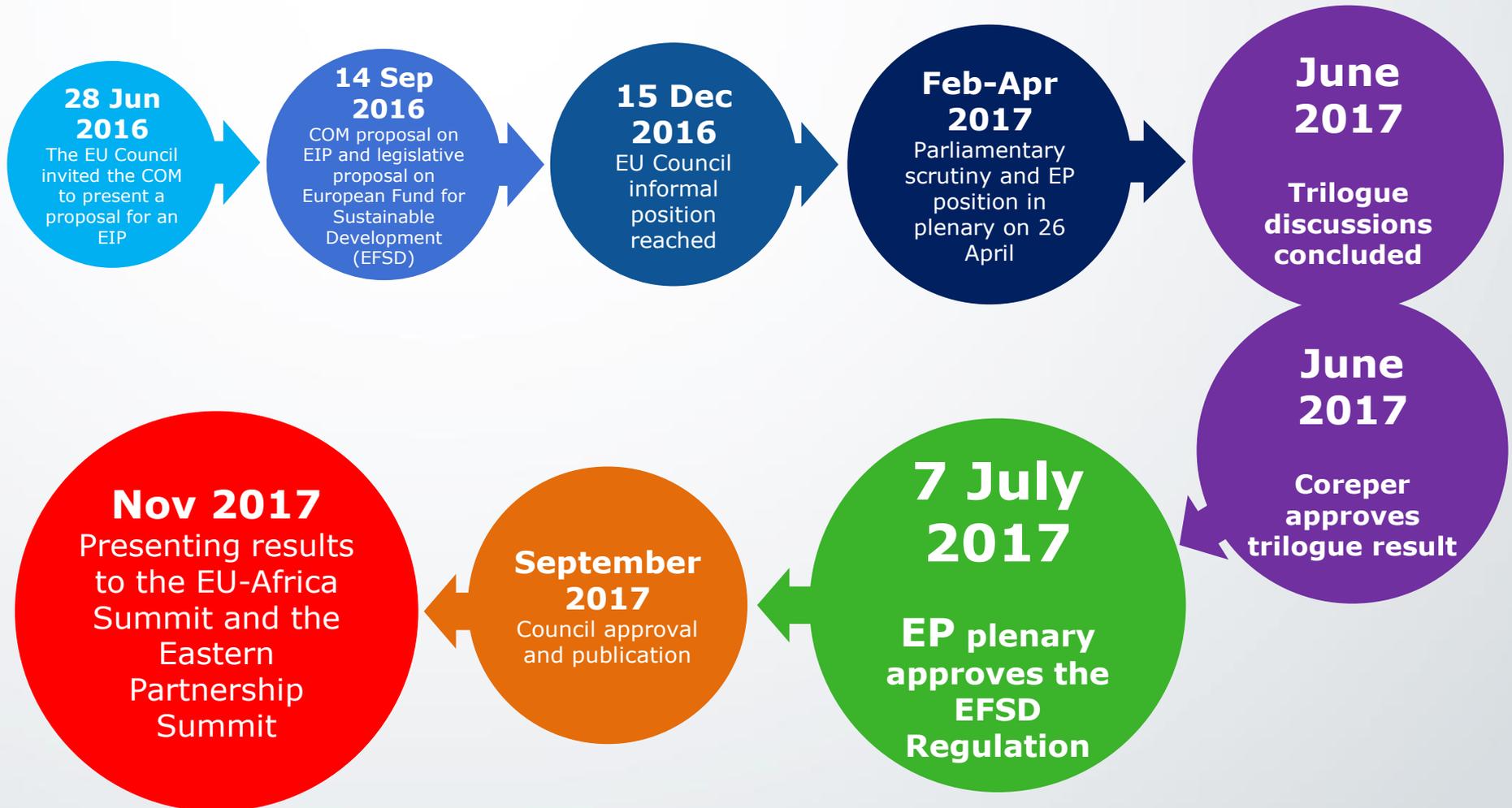
calls for a **long term strategy** by which the EU will promote the **sustainable development goals** in which **investment** is a **key factor in transforming** development policy and assistance.

...proposes a full range of **innovative financing mechanisms** that will be able to:

- **leverage loan and grant financing**
- **encourage public-private partnerships and**
- **crowd-in private investment**



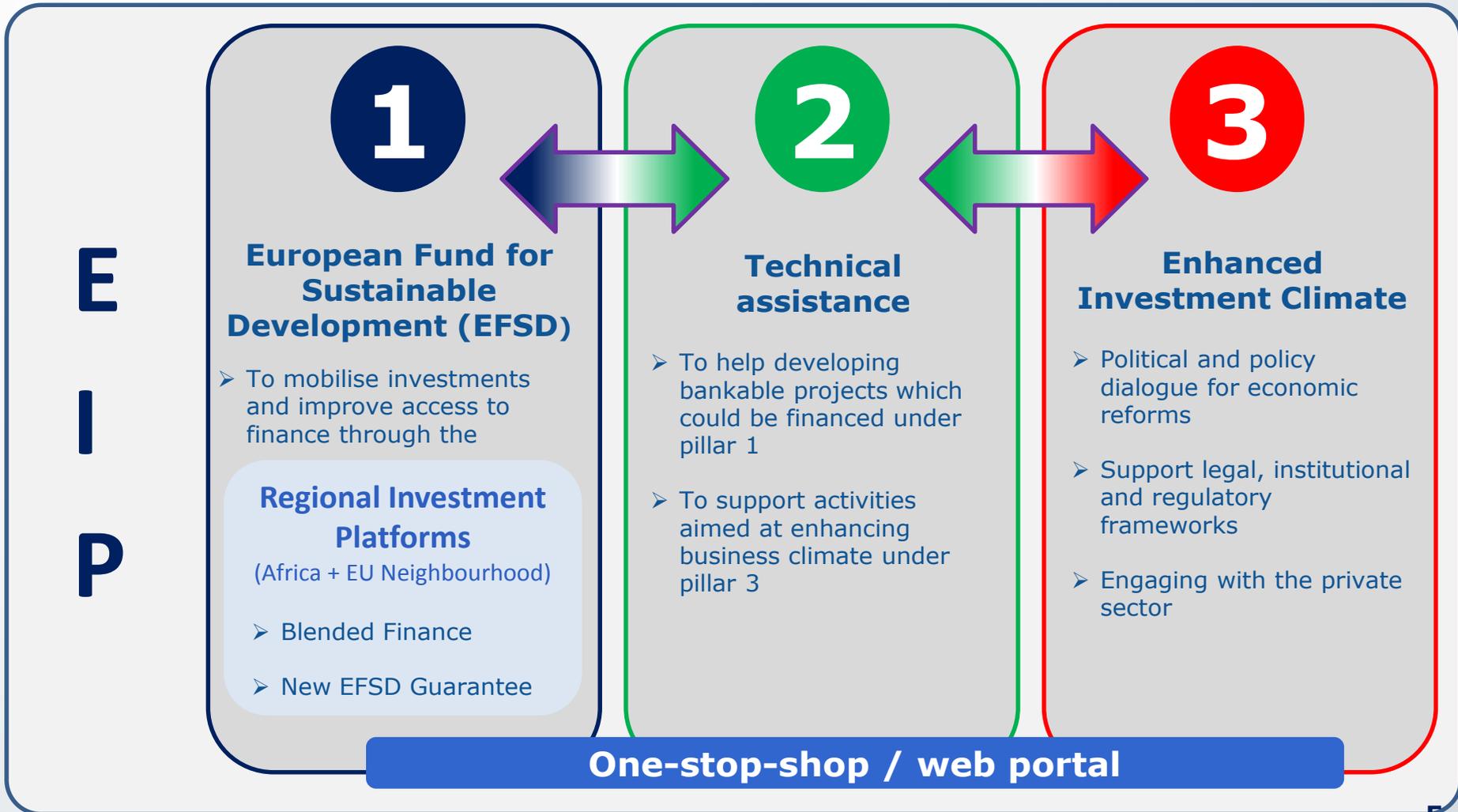
EIP > Timeline



The EIP > Geographical Scope



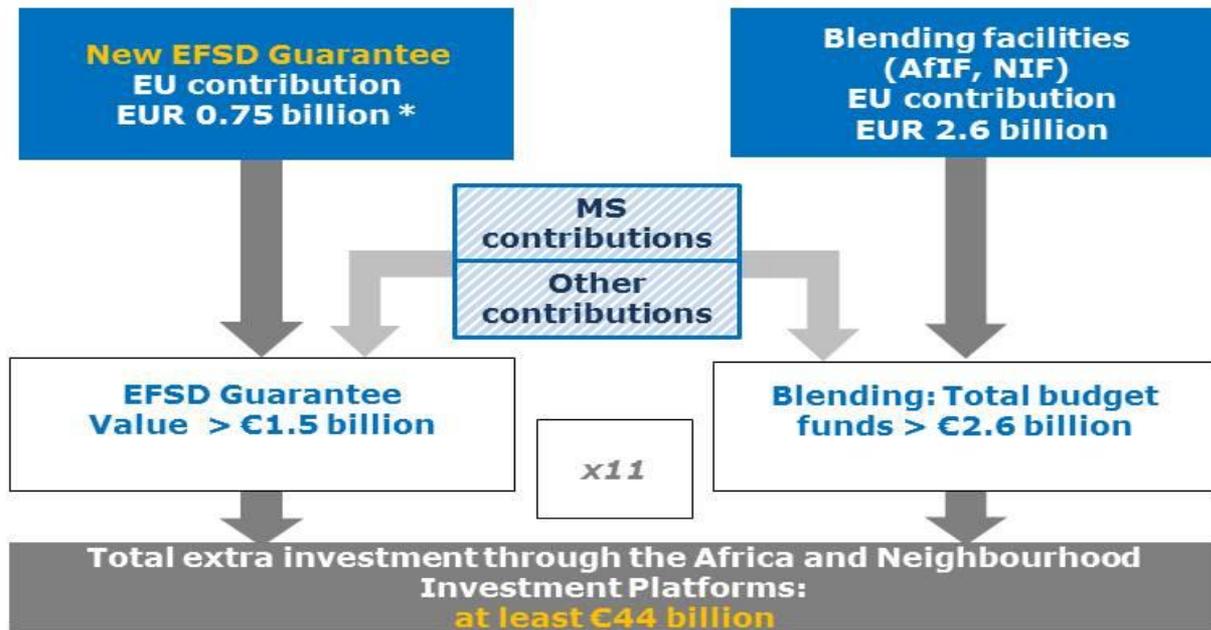
EIP > a 3 Pillars Structure



EIP > Pillar 1 > resources from EU and leverage

NEW PARTNERSHIP FRAMEWORK – EXTERNAL INVESTMENT PLAN

European Fund for Sustainable Development (EFSD)



* Plus a EUR 0.75 billion contingent liability.



EIP > Pillar 1 > Innovation: EFSD Guarantee

- **A risk mitigation mechanism** to stimulate investments in Africa and the Neighbourhood
- **A guarantee capacity for credit enhancement**
- Will leverage additional financing, in particular from the **private sector** (*crowding in*), by reducing the risk associated with specific operations
- Will **provide liquidity** from its **guarantee fund** (*liquidity cushion*). **Total guarantee capacity: EUR 1.5 billion**, backed by EUR 750m in EU budget/ EDF funds
- Possibility for **MS and other contributors** to add to the guarantee



The EFSD Guarantee

Investment Windows: Principles

- Broad geographical and sectoral distribution of activities.
- Neither too small, nor too narrow in the definition of activities and products.
- Address market failures.
- Applied to sectors and projects with the potential for attracting private investment.
- Underlying projects should generate some level of cash flow.
- One or more eligible counterparts to implement products under each window



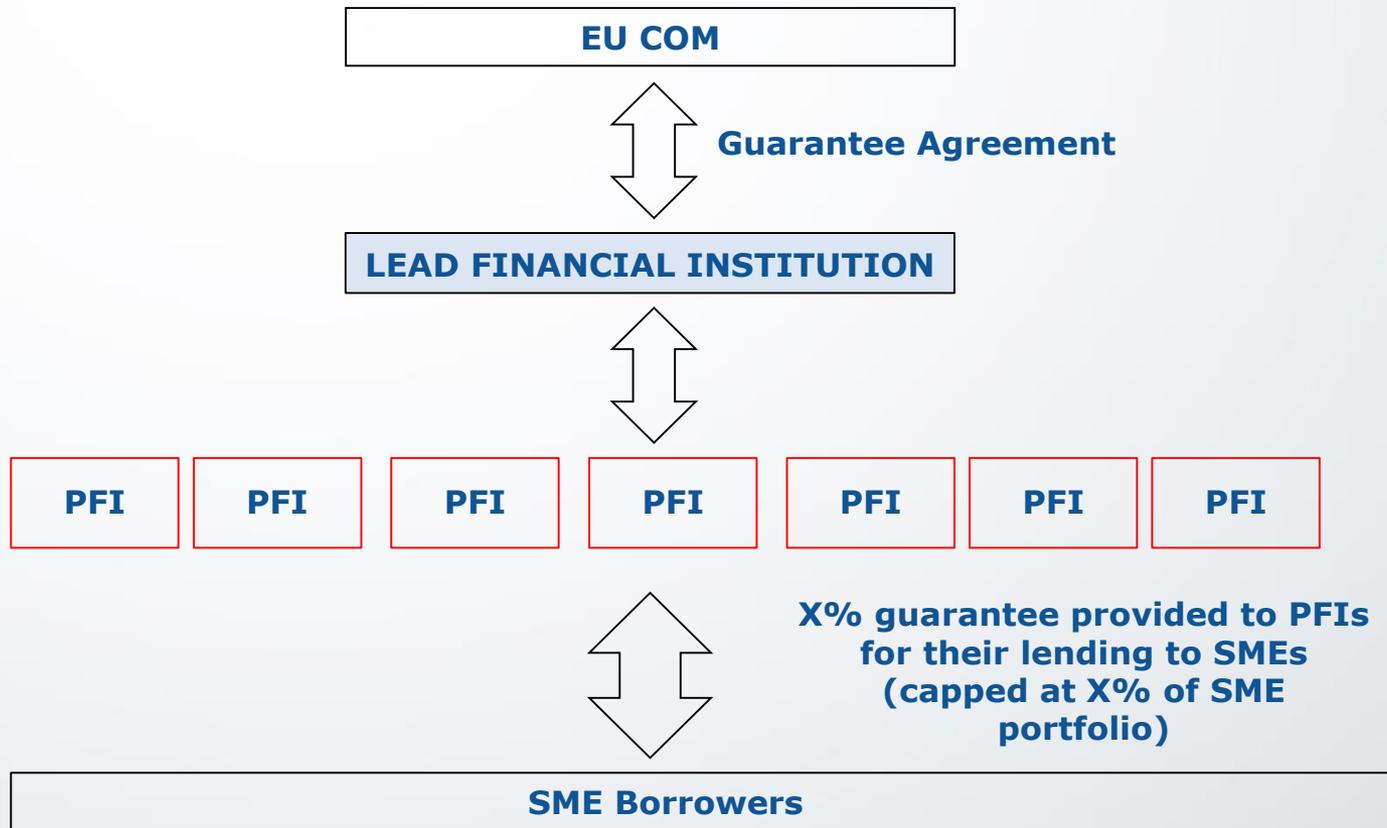
The EFSD Guarantee

Investment Windows – Potential Areas

- 1. Sustainable energy and connectivity**
 - 2. MSME Financing**
 - 3. Sustainable agriculture, rural entrepreneurs and agroindustry**
 - 4. Sustainable cities**
 - 5. Digitalisation for Sustainable Development**
- Cross-cutting objective: local currency financing**

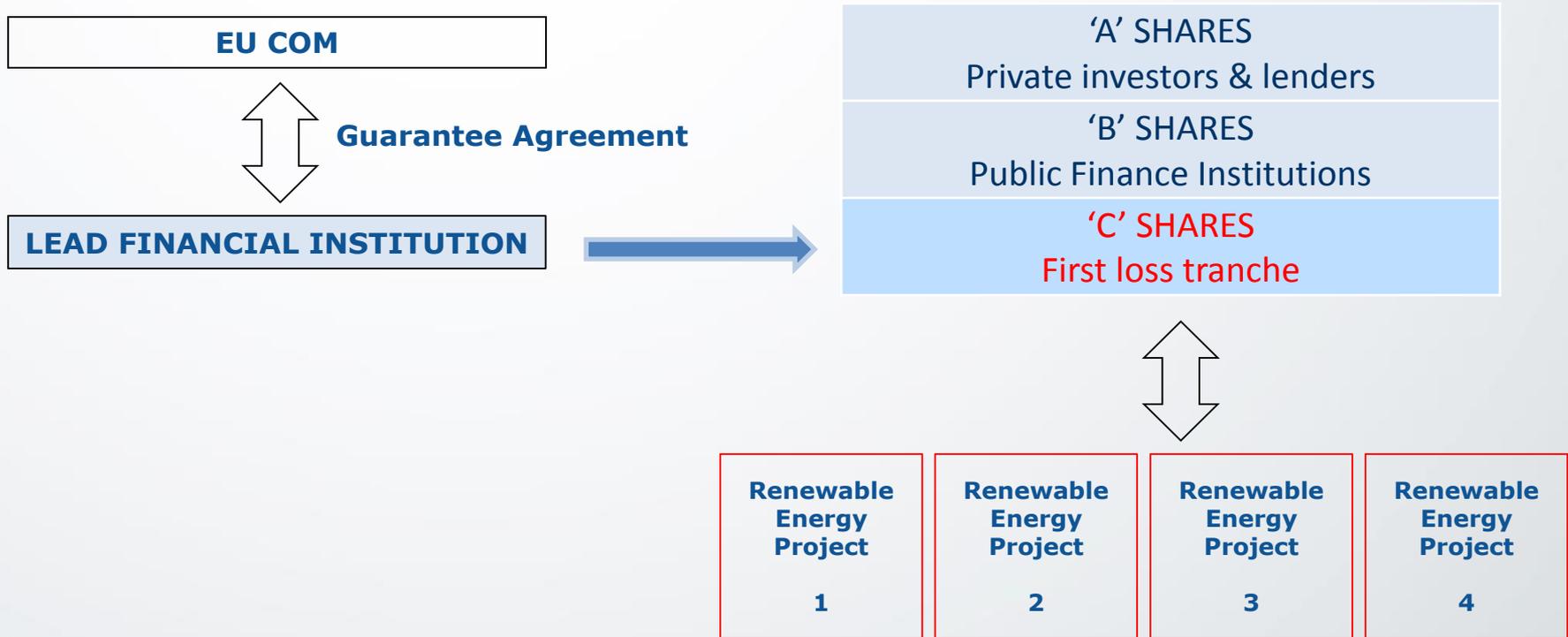


EIP > Pillar 1 > EFSD Guarantee > Example 1: SME lending



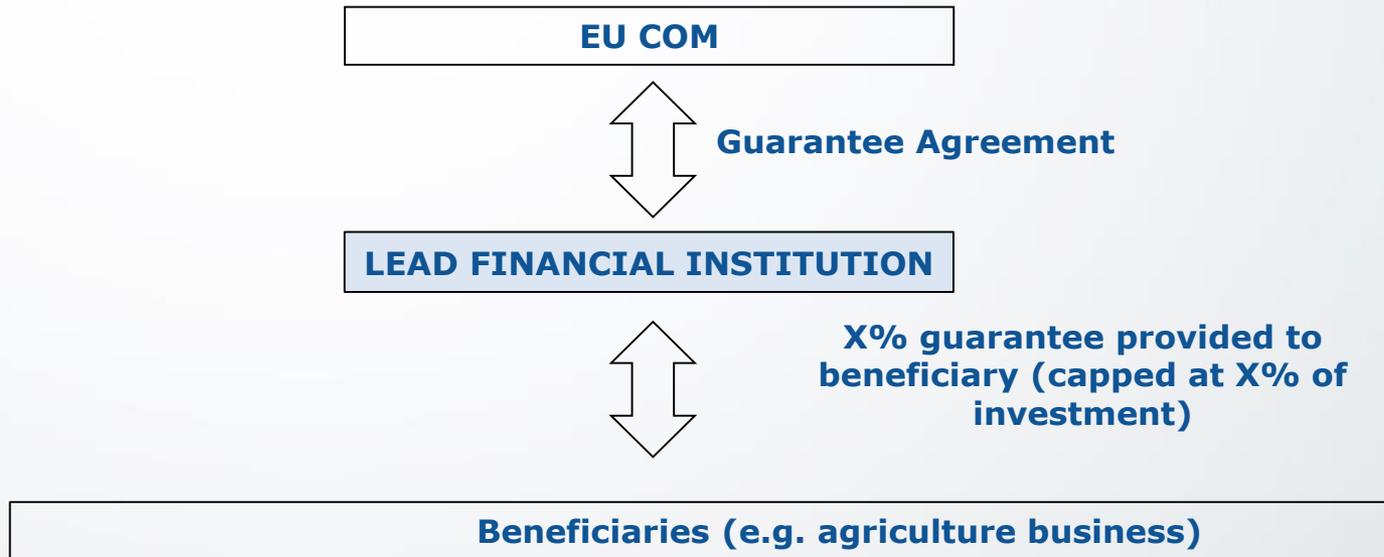


EIP > Pillar 1 > EFSD Guarantee > Example 2: Structured fund (Renewable Energy)





EIP > Pillar 1 > EFSD Guarantee > **Example 3: Direct guarantees to beneficiaries**





EIP > Pillar 2 > Technical Assistance in support of Pillar 1

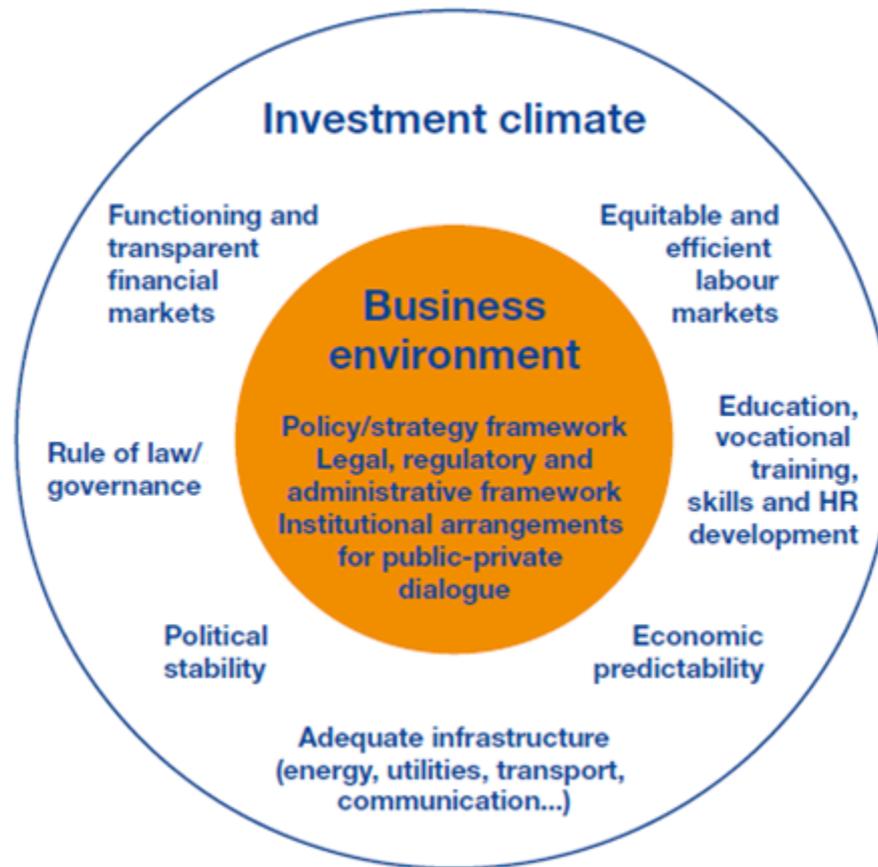
- TA will still be provided in the context of the investment platforms under pillar 1, for **preparation and implementation** of bankable projects
- Following the same procedures as for the existing blending facilities, under which more than 500 million EUR have been made available to finance similar activities over the past years



EIP > Pillar 2 > Technical Assistance in support of Pillar 3

- Support to developing effective institutions and legal frameworks, with the objective of **improving the investment climate**
- Support to **public-private dialogue**, involving business fora, investment/export promotion agencies
- Promoting access to finance, skills, business development services, market information, infrastructure for **SMEs**

EIP > Pillar 3 > promoting a conducive investment climate





EIP > Pillar 3 > a concrete multi-level approach

Policy and political dialogue with partner countries

- Enable business to operate formally, increase the level of investment and innovation, encourage the creation of jobs
- Reducing business costs
- Reducing risks and uncertainty
- Addressing anti-competitive behaviour and opening up markets

Structured dialogue with business

- United voice for the European and local private sector – advocacy, networking and exchange of information
- Informed policy dialogue on the business environment
- European Business fora - important partners in supporting partner country development and the internationalisation of European businesses

Country level, sector, value chains analysis

- Intelligence: regulatory environment, judicial security, contract enforcement, investment protection, skills, market intelligence, land tenure, access to finance, etc
- Broader investment climate (financial markets, rule of law, political stability, logistics, infrastructure, etc)
- Value Chain specific constraints

Coordination and coherence

- Different Aid modalities (project, budget support, sector approaches)
- Policy coherence for development
- Key role for EU Delegations, MS, partner countries
- Private sector



The EIP – How can businesses engage ?

- **Through eligible Intermediary Financial Organisations**
 - EU development finance institutions: EIB, KfW, AFD, EDFIs,...
 - African Development Bank
 - Eligible International financial institutions
 - Direct access if conditions met
- **One-stop-shop and web portal**
 - A single & simple entry point for businesses, investors and partners
 - Enhancing accessibility, transparency and efficiency
 - EU Delegations as entry point on country level
- **Structured dialogue**
 - EU Africa Business Forum (next in margins of AU-EU Summit) and its sectorial meetings: renewable energy, agribusiness, digitalisation
 - European Business Organisations (EBOs) and EU chambers of commerce, business fora
 - Sustainable Business for Africa Platform



EIP > Summary: Key Innovations

- **Integrated 3-pillar-approach – Seizing Synergies**
 - Coordinating finance, TA and multi-stakeholder political and policy dialogue for promoting sustainable investments in our partner countries
- **One-stop-shop and web portal – Enhancing transparency, accessibility and efficiency**
 - Giving a single & simple entry point for partners, investors and private sector
- **EFSD Guarantee – Innovative instrument, providing more funds and more flexibility**
 - Leveraging additional financing
 - Mitigating risks
 - Crowding-in private investment