



# ***Blending - Catalysing Investment for Development***

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# Blending

Using grants strategically to unlock additional public and private financing to meet development challenges



# EU blending operations

Finding the right  
financing mix to  
ensure sustainable  
projects



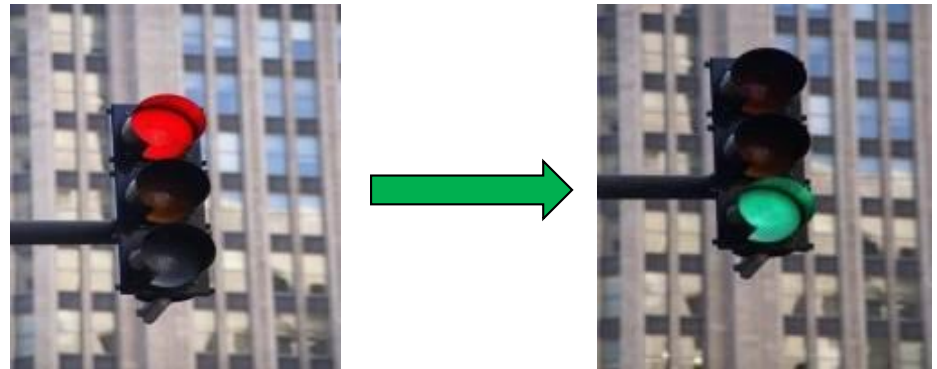
# EU blending operations

Relevant sectors  
for blending



# EU blending operations

Turning red lights  
to green



Addressing risks, ensuring project  
financial sustainability, ensuring  
social and environmental returns,  
addressing capacity issues

# EU blending operations

Different type of support  
to address different  
issues

- ✓ Direct investment grant and interest rate subsidy
- ✓ Technical assistance and investment preparation
- ✓ Risk capital
- ✓ Guarantee mechanisms
- ✓ Other innovative financial tools

# EU blending operations

Increasing cooperation  
and coordination

Financial instruments may be established in the financing decision referred to in Article 26. They shall be, whenever possible, under the lead of the EIB, a multilateral European financial institution, such as the EBRD, or a bilateral European financial institution, e.g. bilateral development banks, possibly pooled with additional grants from other sources.

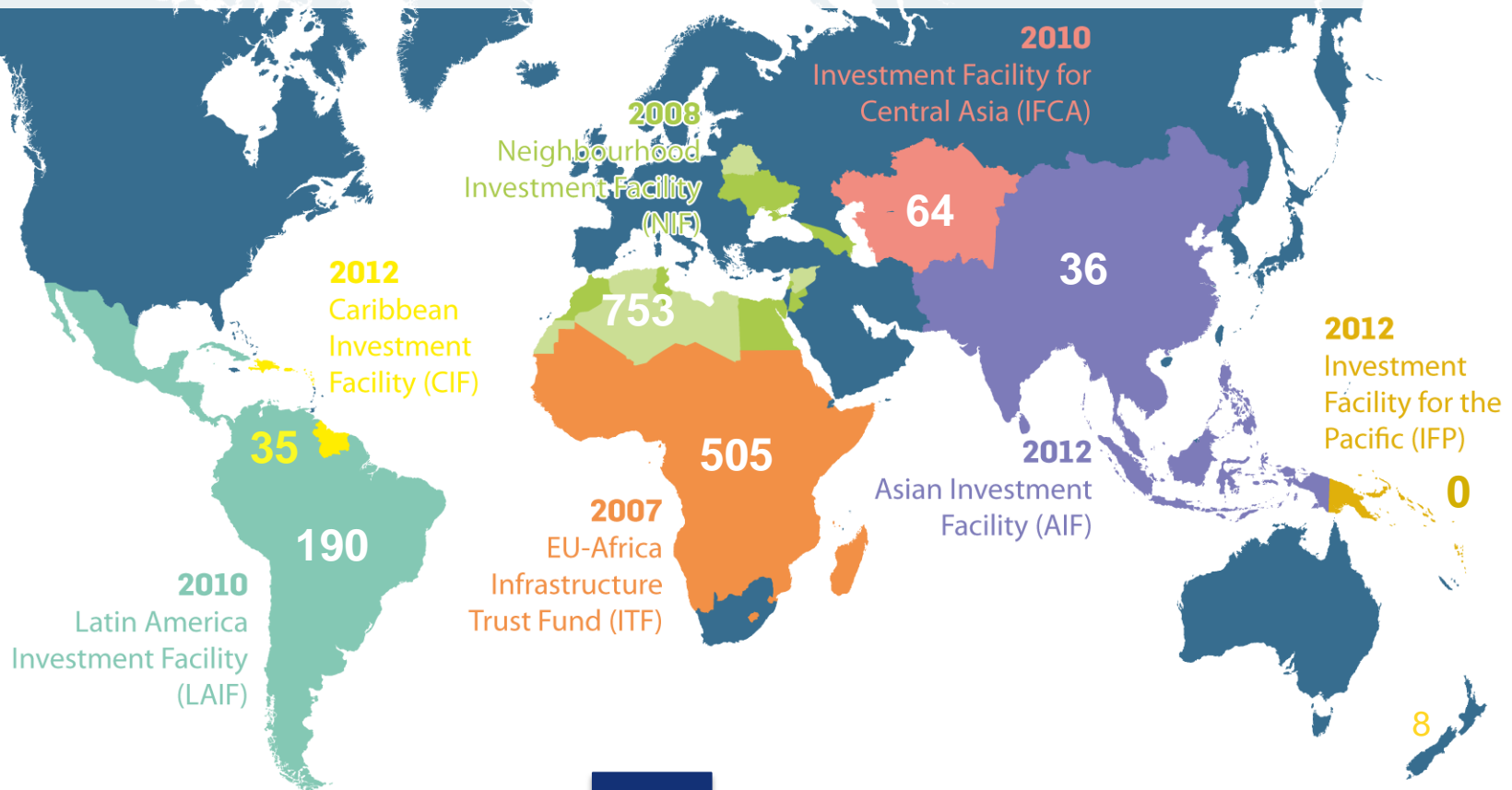
The Commission may implement financial instruments under direct management, or under indirect management by entrusting tasks to entities pursuant to points (ii), (iii), (v) and (vi) of Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. These entities shall fulfill the requirements of Regulation (EU, Euratom) No 966/2012 and shall comply with Union objectives, standards and policies, as well as best practices regarding the use of and reporting on Union funds.

Entities which fulfil the criteria of Article 60(2) of Regulation (EU, Euratom) No 966/2012 are deemed to meet the selection criteria referred to in Article 139 of that Regulation. Title VIII of Part One of Regulation (EU, Euratom) No 966/2012 shall apply with the exception of paragraph 1; the first subparagraph of paragraph 4 and paragraph 5 of Article 139 thereof.

Financial instruments may be grouped into facilities for implementation and reporting purposes.

# EU grant contributions per region

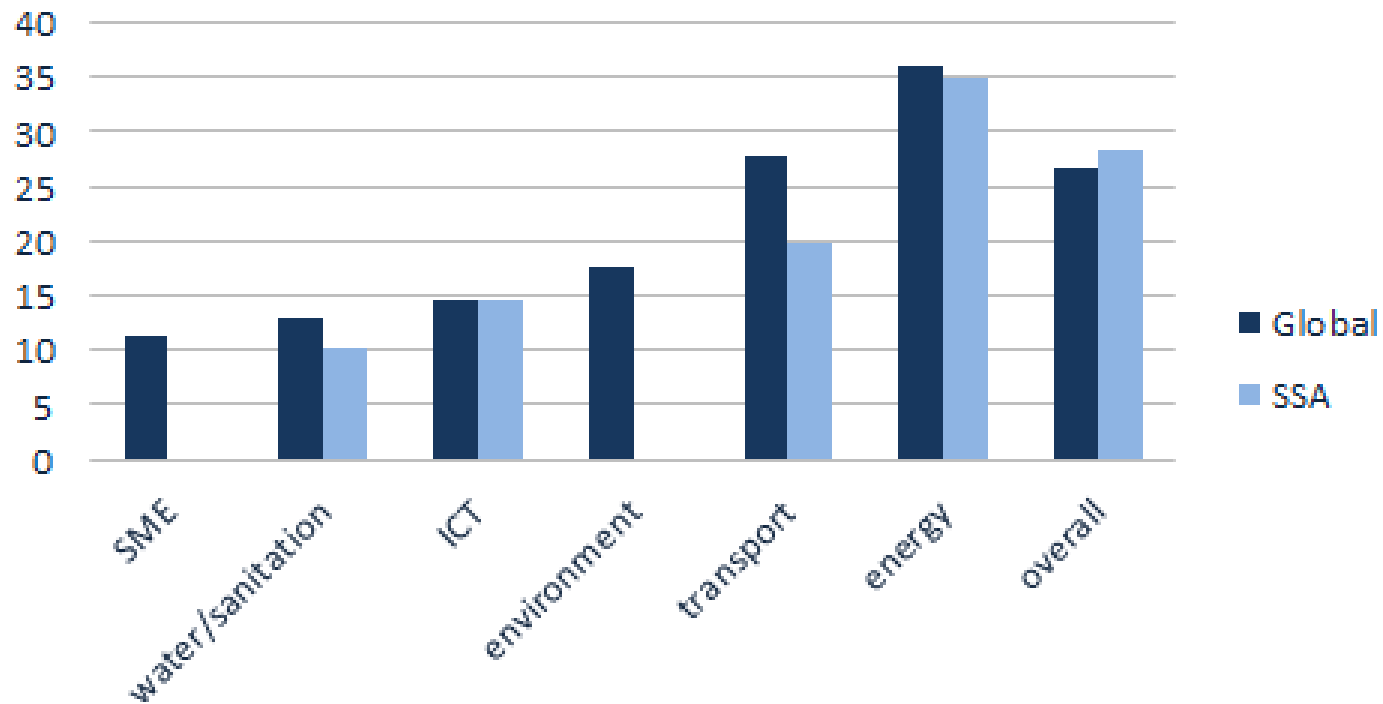
(in € million)





# Leverage per sector (in € million)

## Leverage grant/investment, 2007-2013



# EDF blending framework - Key principles

- **Strategic orientations** are set regionally and reflected in the programming docs : increased involvement of partner countries and regional organisations.
- **Strategic discussions** will take place at continental and regional level
- **Annual action programmes** will make specific commitments from the RIP, including further details on priorities and orientations

# EDF blending framework - Key principles

- **EU** will approve relevant projects on the basis of strategic guidance provided and other key aspects (respect of EU policies, additionality of the grant, environmental & social standards, debt sustainability, ...)
- **Geographical balance** for the use of funds will be followed up, as defined in the AAP

# Strategic level

***FUNDS AND STRATEGIC ORIENTATIONS  
AGREED WITH DMRO's (RIP EA-SA-IO)***

**AAP allocating funds to  
EDF blending framework  
for specific priorities**

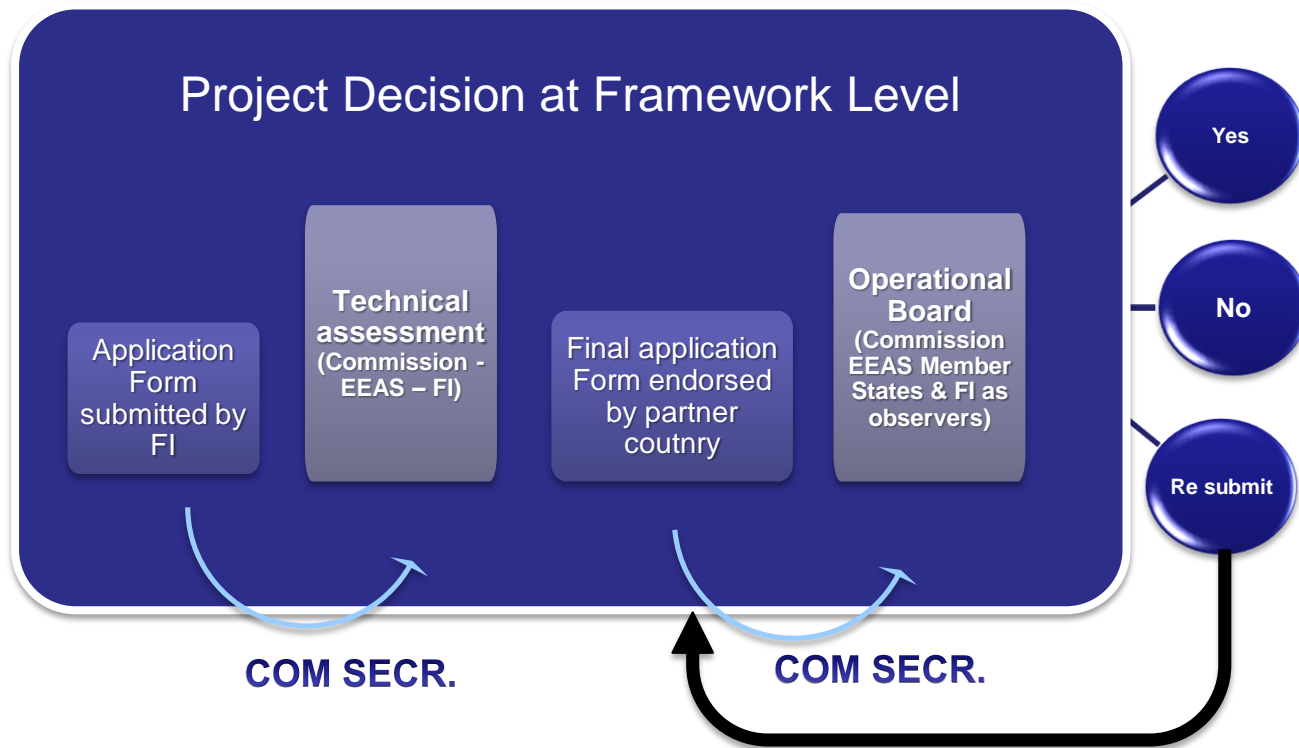


**EDF BLENDING FRAMEWORK  
PROJECT SELECTION/APPROVAL**



***EU MS FUNDS***

# Operational level



# EDF blending framework - Key principles

- **Delegation agreement** signed with lead Financial Institutions, with strong involvement of relevant national/regional authorities and EU Delegations.
- **Lead Financial Institutions** need to undergo the pillar compliance assessment
- **FR mandates that financial instruments (grouped in facilities)** shall be, whenever possible, under the lead of the EIB, a multilateral European financial institution, such as the EBRD, or a bilateral European financial institution, e.g. bilateral development banks.