



The EU's External Investment Plan

The new generation instrument for sustainable development



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Paulus Geraedts, Secretariat of the EIP, European Commission

#EIP

#InvestGlobal



European
Commission

What are the EIP goals?



Contribute to
Sustainable
Development



Improve
Investment
climate



Encourage private
Investments



Tackle root
causes of
migration



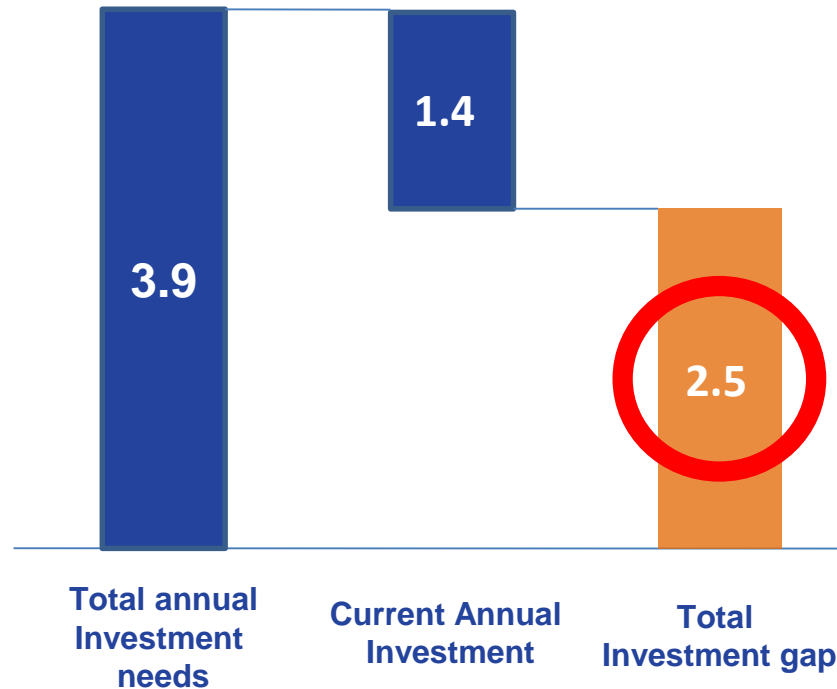
Focus on
jobs and
growth



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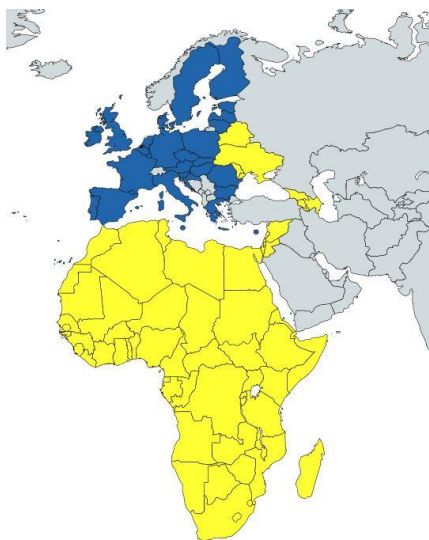
Why do we act?

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



Source: World Economic Forum (2015)

Where do we act?



EIP and Climate Change

28%

EFSD Guarantee contributing to
climate action, renewable energy
and resource efficiency



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

1 EU Blending without the leverage



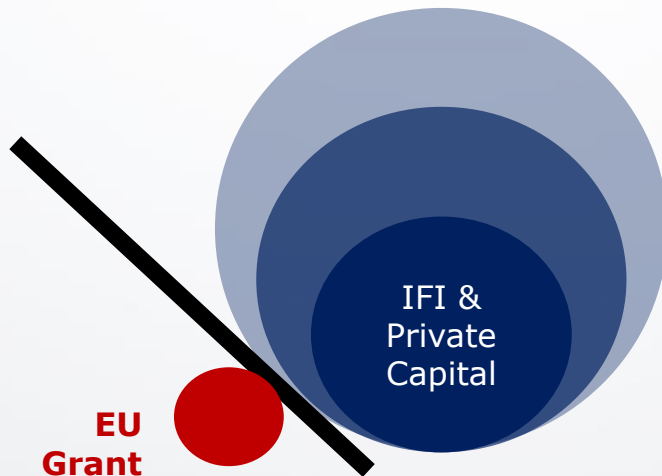
How much leverage? How much EU Funds relative to IFI and Private Capital?

Blending is the strategic use of a limited grants, equity investments or guarantee commitments to mobilize (i.e. to leverage) financing from Partner FIs and the private sector, so as to enhance the development impact of investment projects.

Effective leverage ...

.... or

... just a cherry on the cake? Crowding-in and
Additionality achieved?

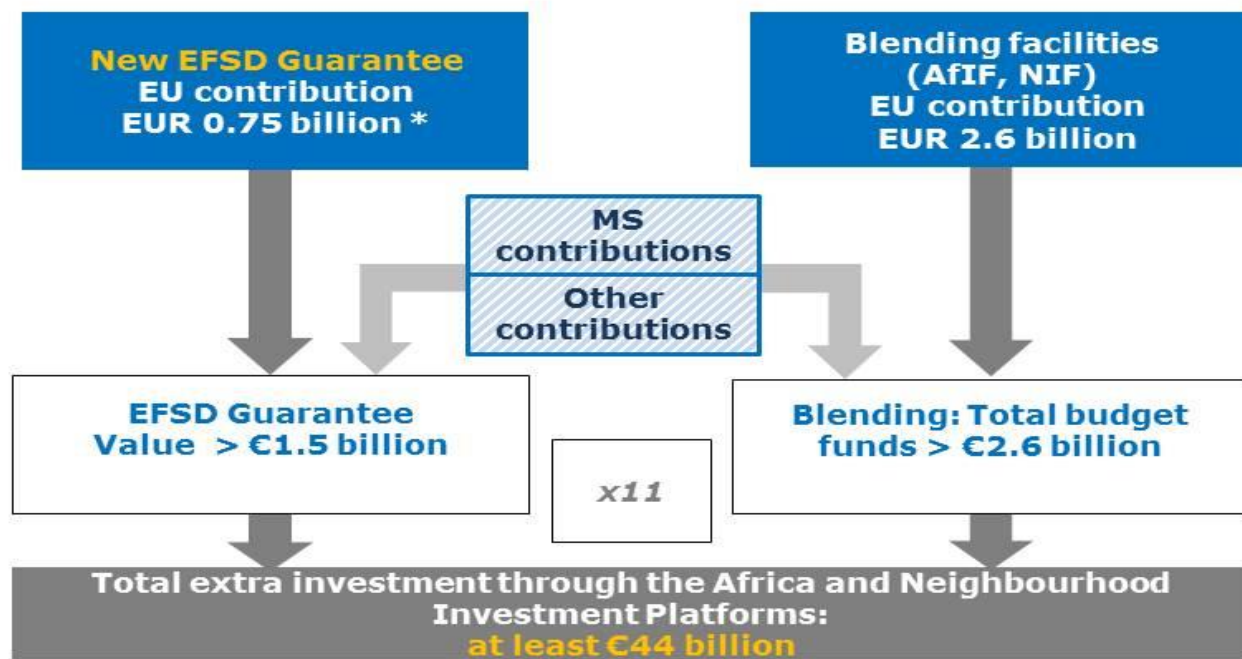


- How much leverage is possible, how much EU investment is needed for a particular project can only be determined by way of a thorough risk analysis!

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

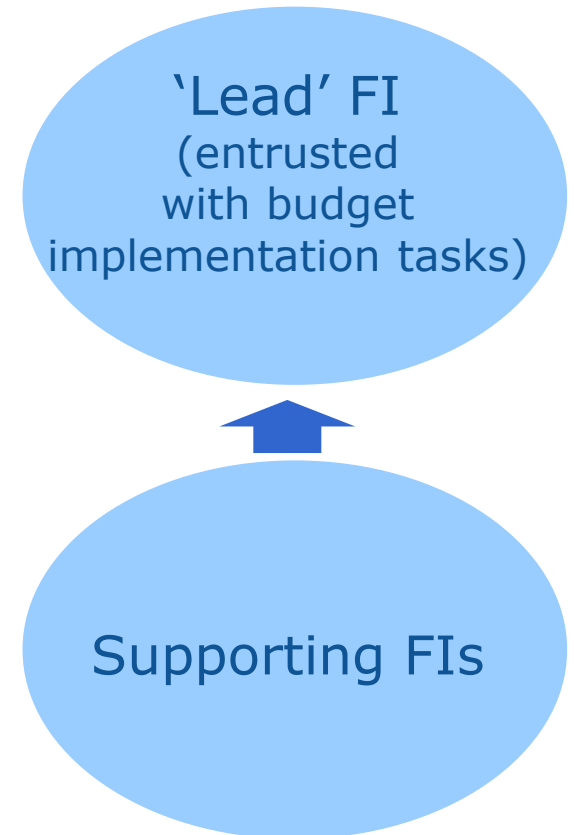
A **guarantee capacity for
credit
enhancement** will ultimately
benefit
the final investments and
allow risk sharing
with other investors,
notably private actors



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

3 'types' of partners, always a LEAD FI

- a) **Multilateral** European Finance Institutions (e.g. EIB, EBRD...).
- b) European **National** development finance institutions from Member States (e.g. AFD, KfW, AECID, CDP, FMO...)
- c) **Regional** and other multilateral banks: can act as lead (e.g. AfDB in AIP; IaDB, CDB in CIF), as co-financiers in others.



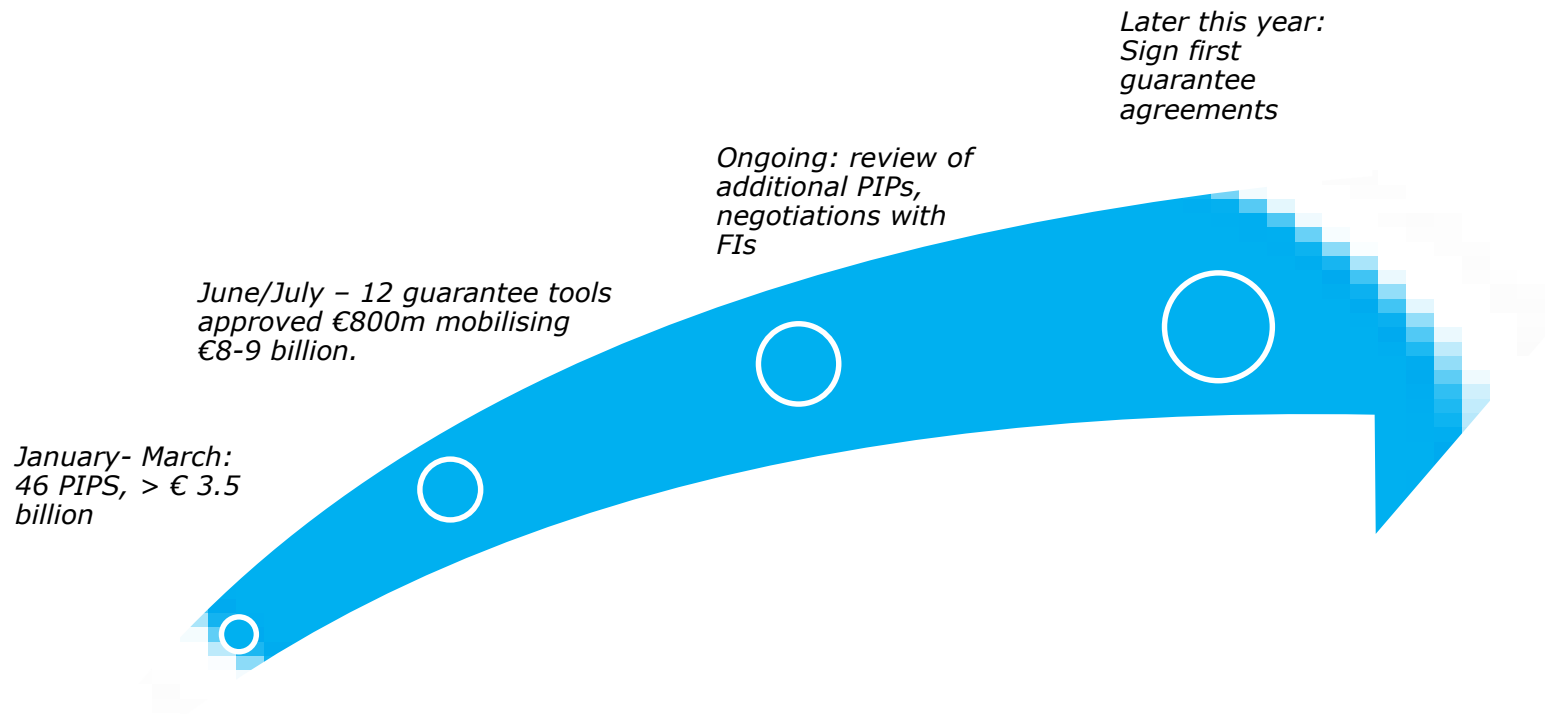


Priority Areas for investment

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

EFSD Guarantee: state-of-play and next steps



News flash
1 Sep 2018

Progress is now
up to € 24 billion
or 54.5%

2017 EFSD Progress

EFSD target region	Sub-Saharan Africa	EU Neighbourhood
EU contribution	€900 million	€400 million
Investment leveraged	€5.6 billion	€5 billion
Projects	30 projects	22 projects

Investments progress



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

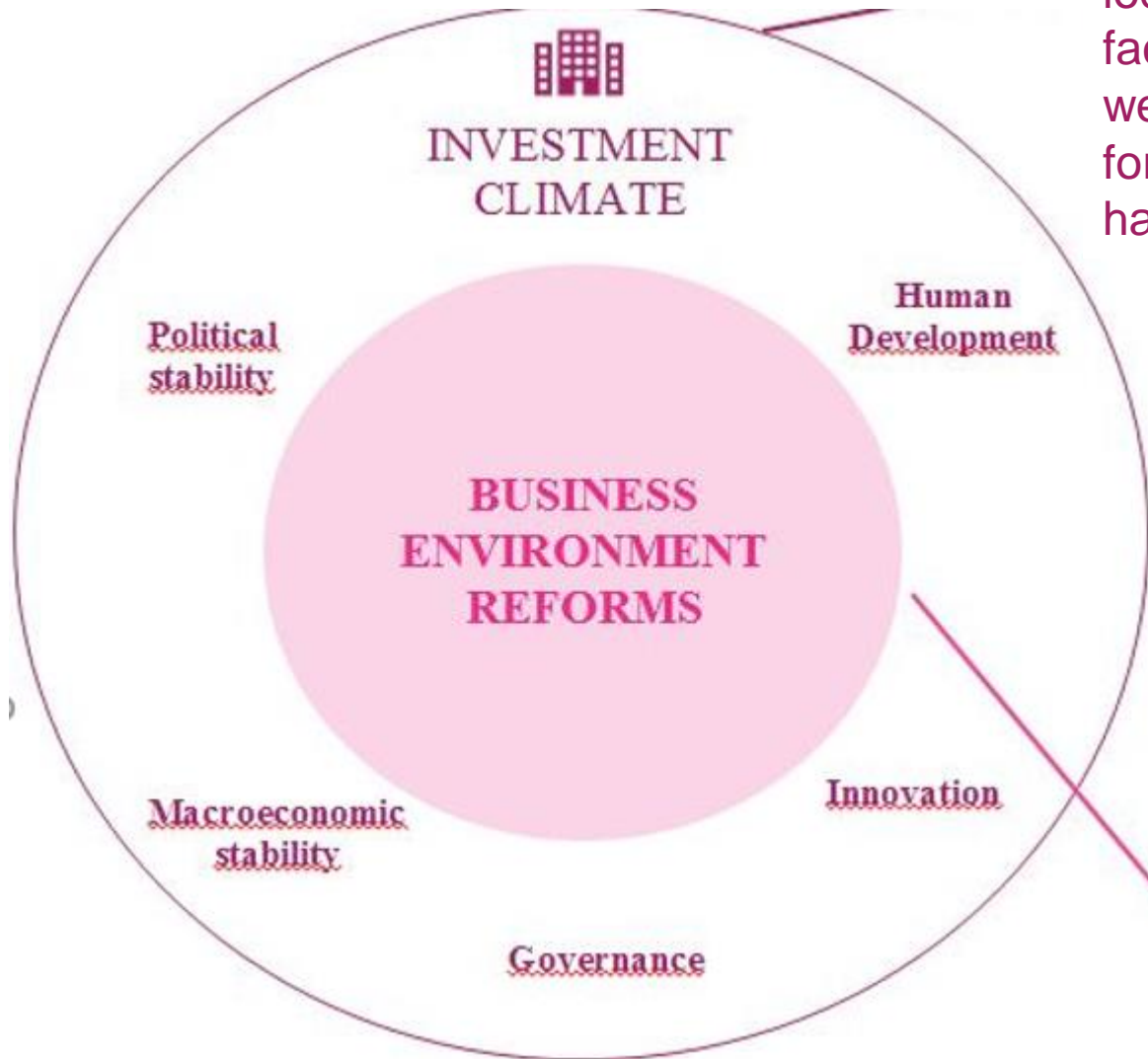
Investment pre-identification phase

Investment preparation

Investment phase

Support Pillar 1

EIP 3rd Pillar: Promoting a conducive Investment Climate and Business Environment



Wide range of location-specific factors determining whether domestic and foreign investments happens .

Factors that determine how a company functions

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

Summary

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

EU External Investment Plan

Investing together in creating jobs and development

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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



European
Commission

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

