



Webinar

The External Investment Plan



Who we are

EIP Secretariat and Blending Facilities, C7

- Torsten Ewerbeck

Investment and Innovative Financing, C3

- Benjamin-Tedla Hecker

Trade and Private Sector Unit, C4

- Dr. Matthias Altmann

What we will cover:

- Why EIP, rationale, background, way forward
- Pillar I: European Fund for Sustainable Development
 - Blending
 - Guarantees
- Pillar II: Technical Assistance
- Pillar III: Investment Climate

Why EIP?

Rationale and Background

Benjamin-Tedla Hecker, C3

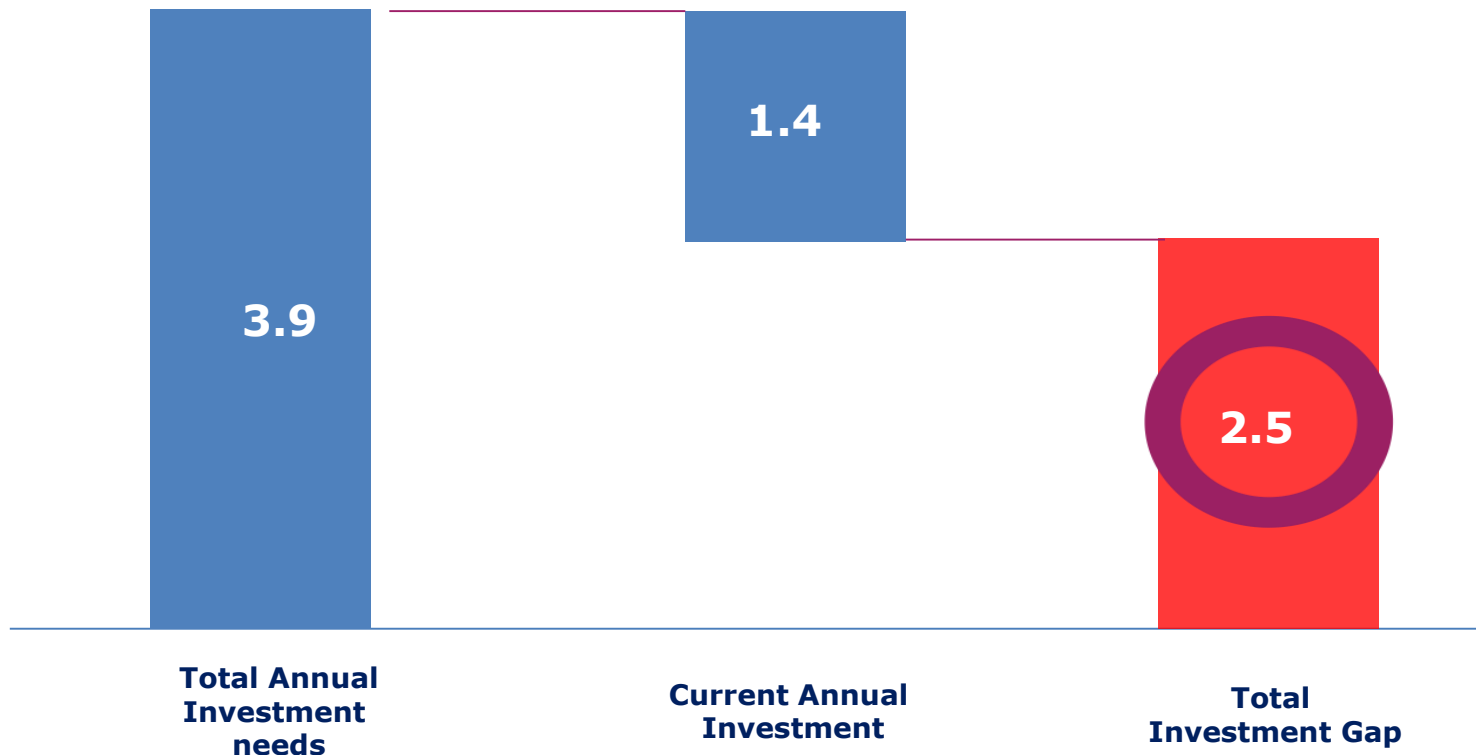
A new paradigm – already part of our policy

- ✓ Agenda 2030: **Sustainable Development Goals**
- ✓ Addis Ababa **Action Agenda on Financing for Development**
- ✓ EU Communication “**The Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries**”
- ✓ EU Communication “**Towards a more efficient financial architecture for investment outside the EU**”
- ✓ EU Communication on “**a new Africa – Europe Alliance for Sustainable Investment and Jobs**”
- ✓ **European Neighbourhood Policy**



Why? The Investment Gap

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



This cannot be covered by Official Development Aid (ODA) alone
– We need to partner with the private sector

EIP - How

EIP's Integrated Approach: the 3-Pillar Structure



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 BLENDING ?

Strategic use of a limited amount of **EU financial support**

In order to:

- **mobilise financing** from partner IFIs and other sources (including private sector)

And:

- enhance the **development impact** of investment projects

As long as this EU support:

- is necessary for the project to materialise – **“Additionality”**



Pillar I: European Fund for Sustainable Development, Guarantees



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EFSD Guarantee - what

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

A guarantee capacity for **credit enhancement** will ultimately benefit the final investments



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

Sectors prioritised are key for sustainable development

EFSD Guarantee “Windows”

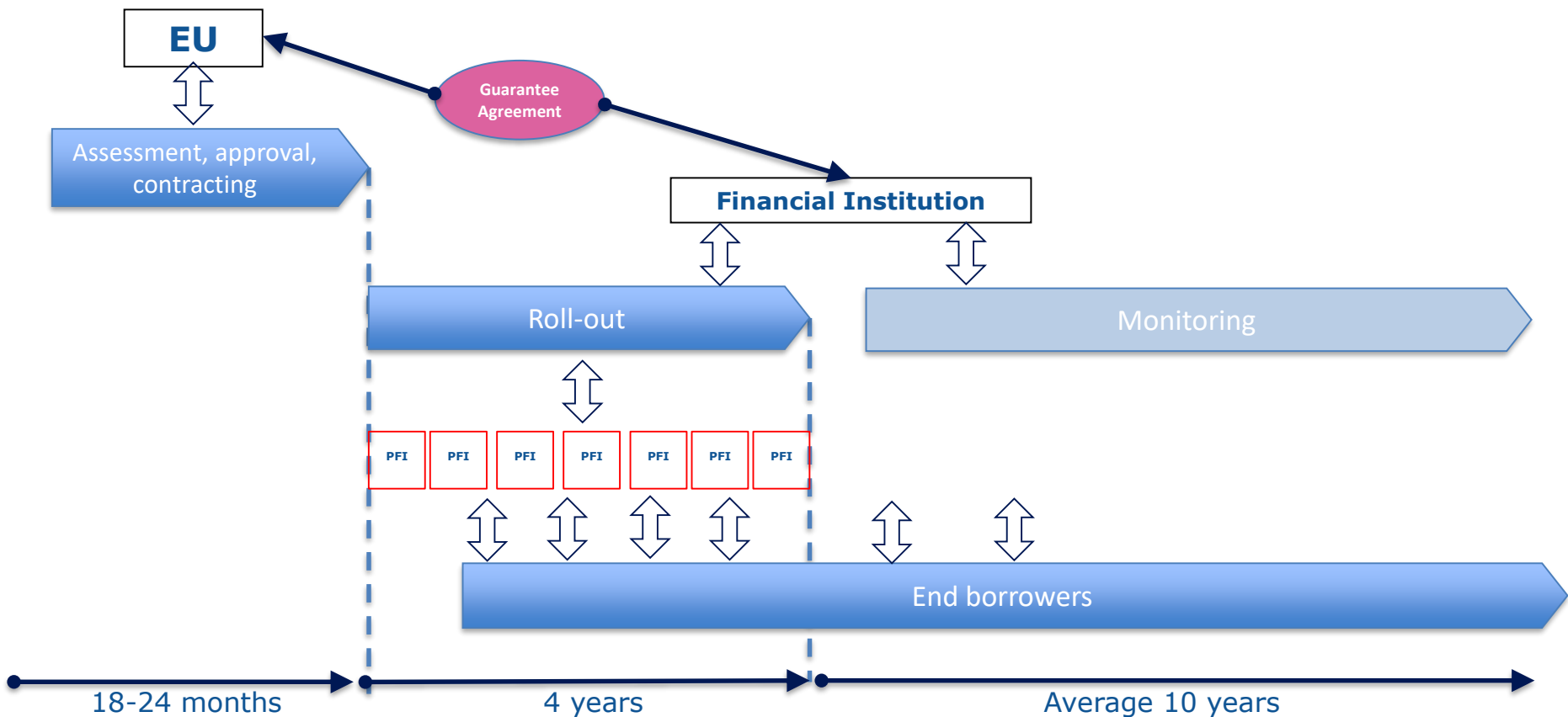


- ***Sustainable Energy and Sustainable Connectivity***
- ***Micro, Small and Medium Enterprises (MSMEs) Financing***
- ***Sustainable Agriculture, Rural Entrepreneurs and Agroindustry***
- ***Sustainable Cities***
- ***Digitalisation for Sustainable Development***

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

EFSD Guarantee – Implementation

The new guarantee works as a programme – portfolio approach



Pillar II: Technical Assistance



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TA - What

- Provision of **know-how**: training, short and long-term personnel, research, policy and advisory services, studies, communication or knowledge sharing
- Typically a **TA project** could also include other support activities: supplies and equipment, visibility, works...
- **Ownership by partner government**, through Steering Committees
- Supported by specialised consulting firms and agencies



**TECHNICAL
ASSISTANCE
(PILLAR 2)**



TA supports both Pillars 1 and 3 of the EIP

Support Pillar 1



TECHNICAL
ASSISTANCE
(PILLAR 2)

Investment pre-identification phase
i.e. feasibility studies

Investment preparation
i.e. bankability of projects

Investment phase
i.e. capacity building to financial institutions

Support Pillar 3

Investment climate analysis
i.e. market intelligence and diagnostics

Structured dialogue
i.e. support public private dialogue process

Supporting Investment climate reforms
i.e. advisory services to public authorities

Strengthening capacities of private sector and public authorities
i.e. improving governance, policy expertise, value chains and quality support

Source:

- NIPs/RIPs
- As a type of blending operation
- Within guarantee proposals submitted by IFIs

Source:

- NIPs/RIPs/thematic budget lines
- Part of Budget Support operations
- In few cases, within guarantee proposals

Investment Climate

Dr Matthias Altmann
DEVCO.C4 – Private Sector, Trade

Pillar III: Investment Climate



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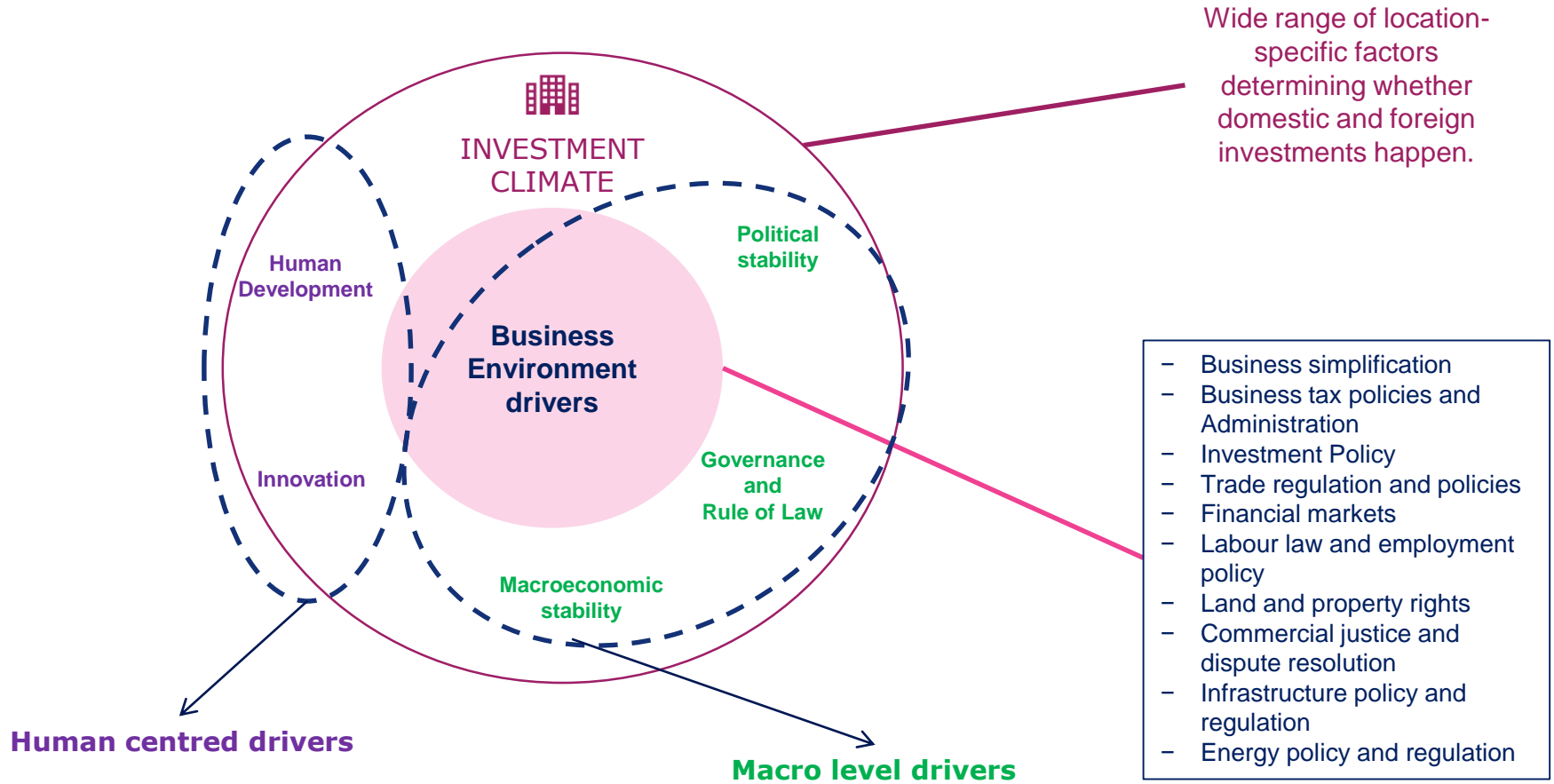


Investment Climate

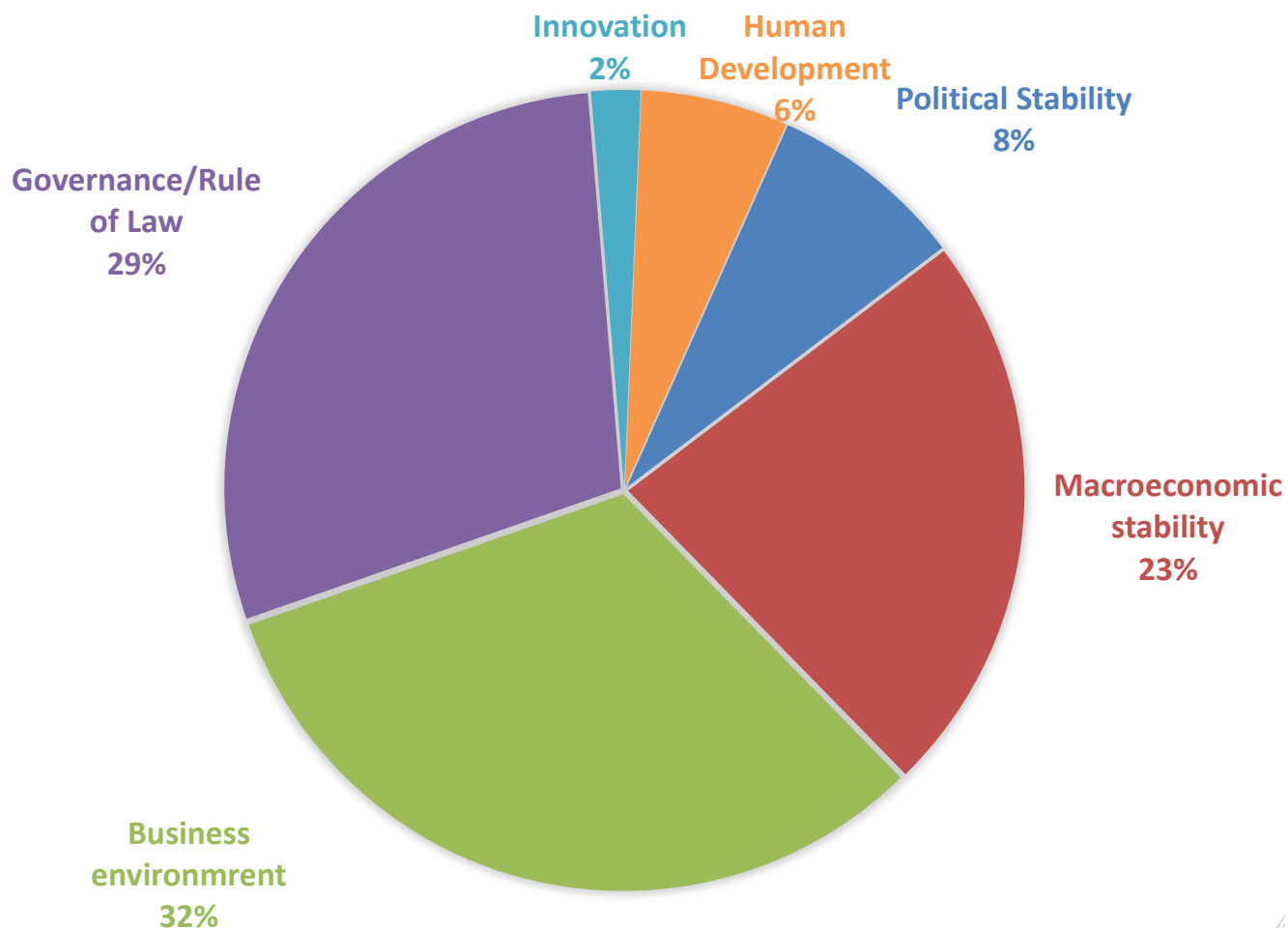
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Investment Climate Drivers



EU funding by investment climate driver in Africa - 2019



Bausteine der 3. Säule des EIP

Investitionsklima-Analyse

- Jobs and Growth Compacts (Identification von WSK mit Entwicklungspotential)
- European Partnership Agreement (EPA) Implementierungspläne
- Weitere Diagnosetools (z.B. WB Doing Business).



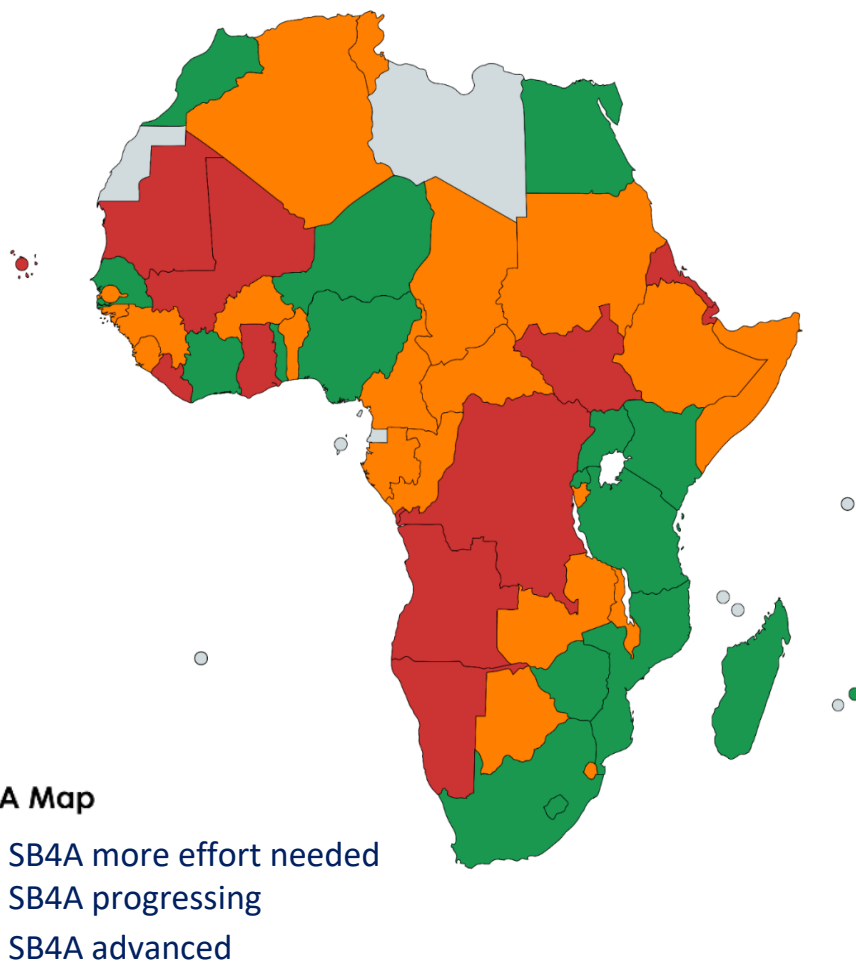
Maßnahmen zur Verbesserung des Investitionsklimas

- Ordnungspolitische Reformen
- Politikdialog und Budgethilfe
- Kapazitätssaufbau von öffentlichen und privaten Akteuren

Privat-öffentlicher Dialog

- Einbeziehung des lokalen, europäischen / internationalen Privatsektors in politische Reformprozesse (national / sektoral)
- Unterstützt von EU Delegationen und Sustainable Business for Africa (SB4A) Plattform
- Information und Match-making zur lokalen Markterschließung

Public-Private Dialogue



- Bringing together local, European and international private sector
- Identify business constraints, and obtain a business perspective on reform priorities
- Building on a growing network of European Chambers of Commerce (21 in SSA)
- Facilitating role of EU Delegations: sustained and long term process, adapted to local context and institutional arrangements
- Promote EIP projects, EPA opportunities, and local investment opportunities

Further steps to support investment climate improvements in our developing partner countries



Address investment climate reforms priorities
in policy dialogue,
budget support and
cooperation tools



Use EIP outreach events and Business Fora
to build momentum and
deepen cooperation with key
actors in the country



Train and build capacity of colleagues in EU Delegations
on investment climate
drivers and tools



Involve Member States
through a joined-up approach
(„Team Europe“, joint
programming)

The EIP – How can businesses get involved?

- Through the One-stop-shop – a web form to enter your ideas - for investors and promoters
https://ec.europa.eu/commission/external-investment-plan_en
- Through participation in Public-Private Dialogue and business events organised by EU Delegations
https://eeas.europa.eu/headquarters/headquarters-homepage/area/geo_en
- Through partner financial institutions who pass on benefits of EU guarantee to end-borrower (MSMEs, investment funds or local private banks and investors)