



# **The European External Investment Plan**

**Brussels, 18.09.2017**



# The EIP > Highlights

- **Why:** To contribute to the attainment of the Sustainable Development Goals and, therefore, addressing root causes of migration.
- **What:** A long-term, integrated and holistic -3-pillar approach to boost sustainable investments and decent job creation in Africa and EU Neighbourhood.
- **How:** Supporting private (notably SMEs) and public (enabling infrastructure) investments in riskier environments (where investments would usually not happen).
- **Where:** Africa and EU Neighborhood

# EIP > Internal and External Policy Coherence

## Addis Ababa Action Agenda on Financing for Development

### SUSTAINABLE DEVELOPMENT GOALS



European Neighbourhood Policy  
JOIN(2015)50F

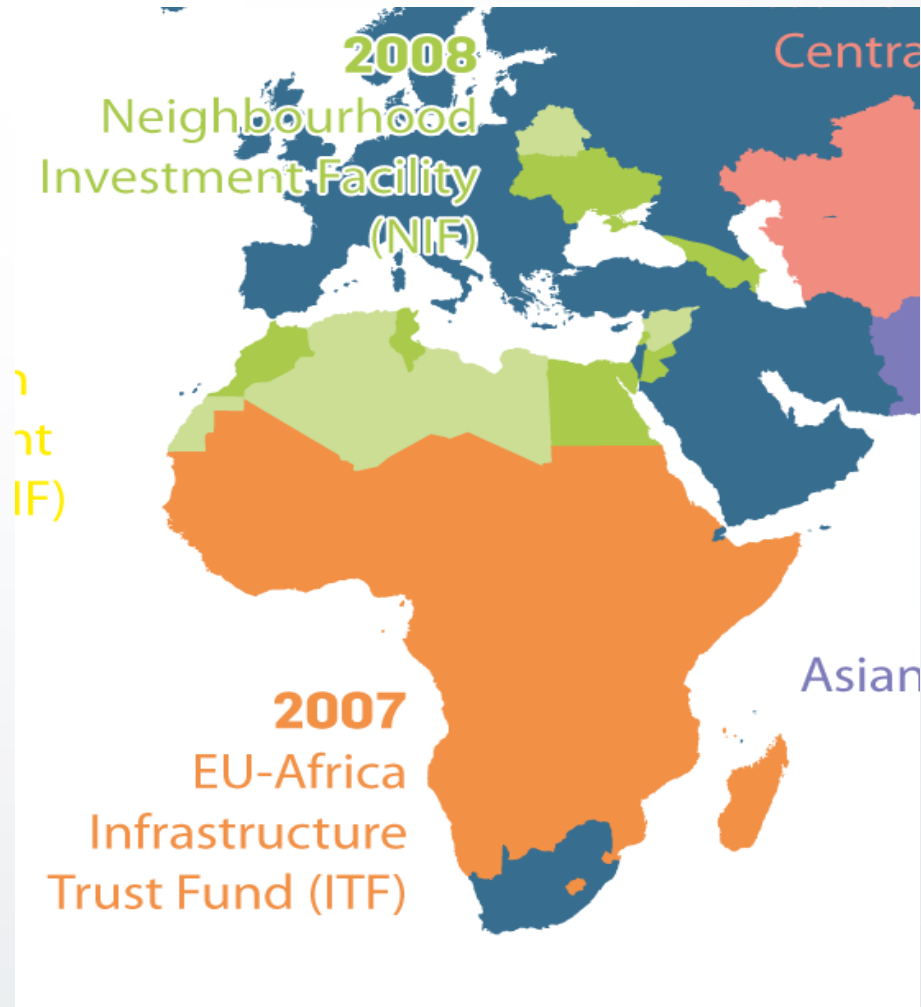
Paris Agreement on climate change – cop 21  
COM(2015)81F/2

EU New Partnership Framework with third countries under the European Agenda for  
migration - COM(2016)385F

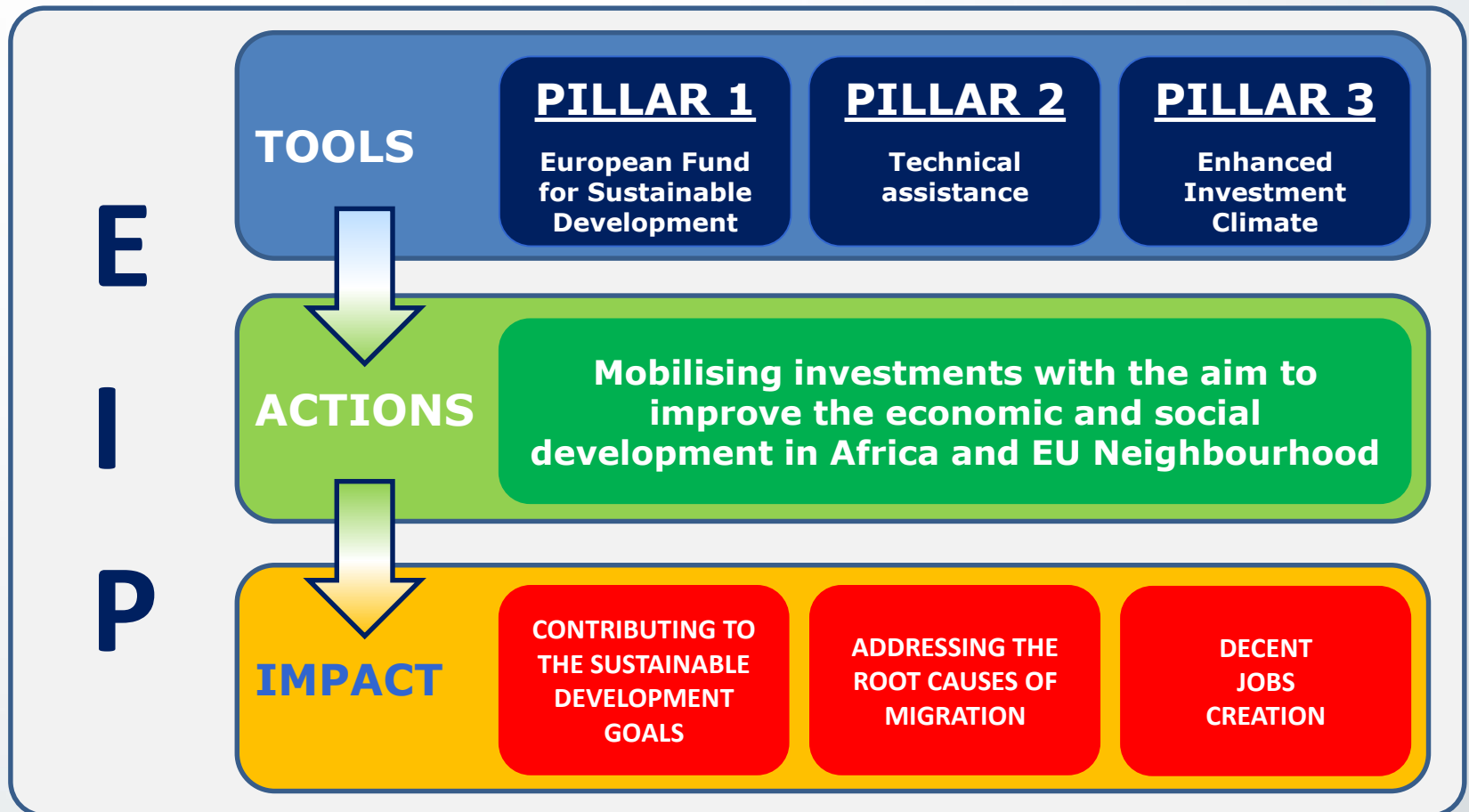
Agenda for Change  
COM(2011)637F

New proposed European Consensus on Development

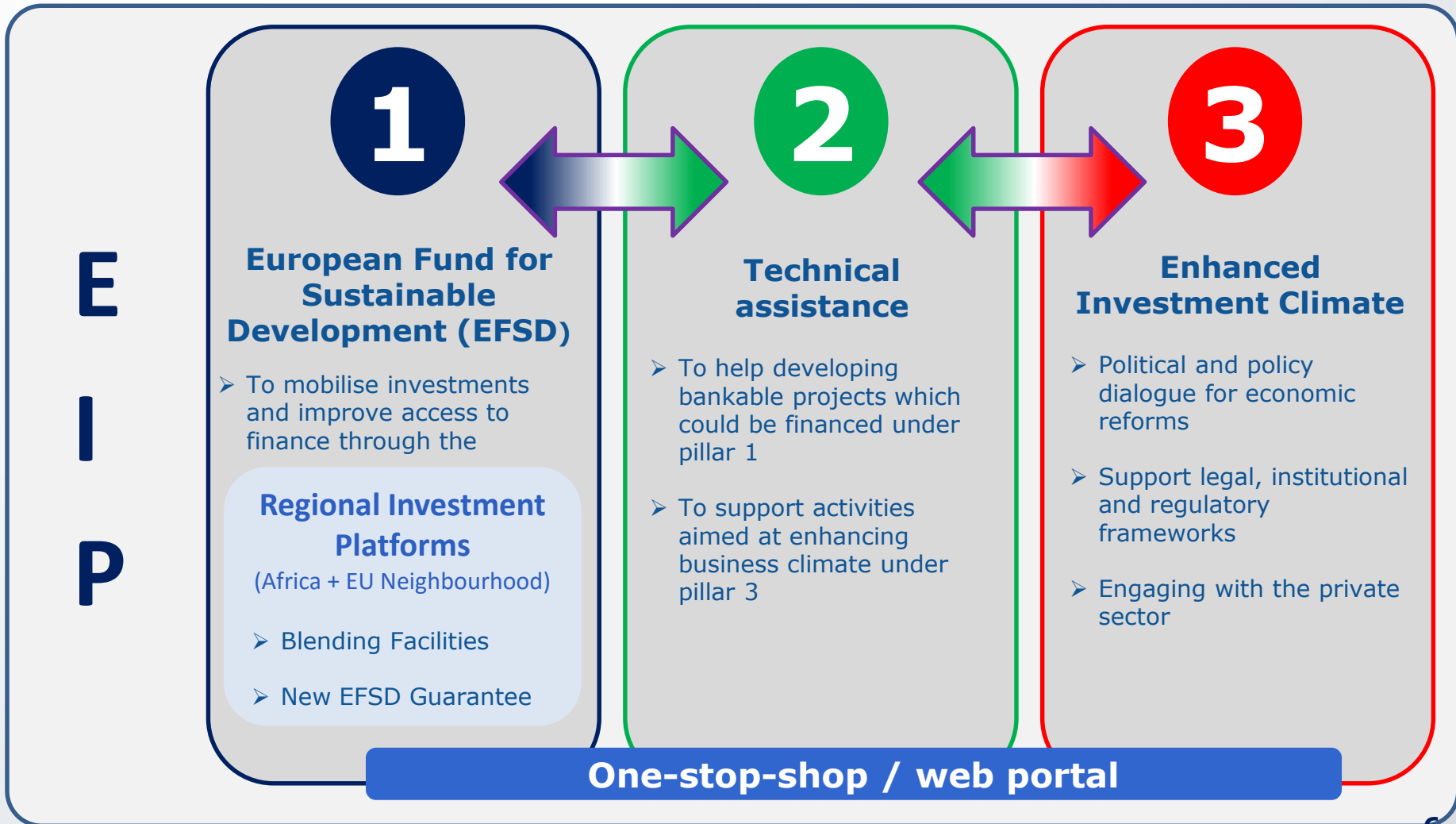
# The EIP > Where?



# EIP > Rationale and Effectiveness



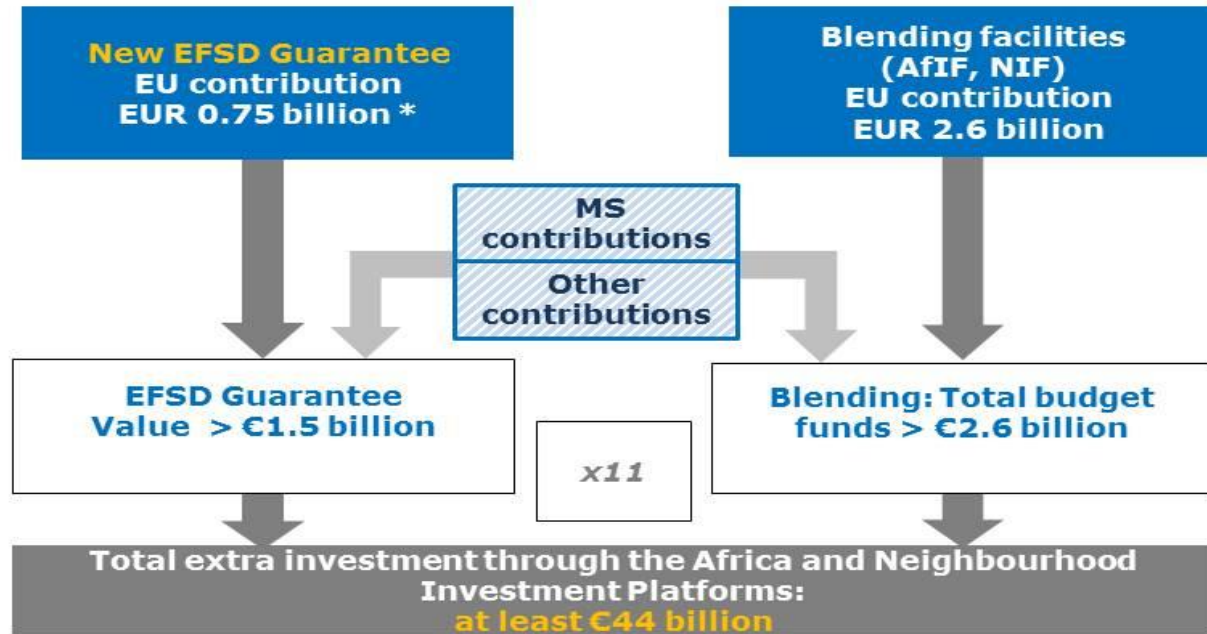
# EIP > a 3 Pillars Structure



# 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 > the EFSD Guarantee

- The **EFSD Guarantee** will be an **unconditional, irrevocable guarantee on first demand**.
- It serves as a **risk mitigation mechanism** to stimulate investments in Africa and the Neighbourhood.
- It provides **guarantee capacity for credit enhancement** - will ultimately benefit the final investments and allow risk sharing with other investors, notably private actors.
- Will leverage additional financing, in particular from the **private sector** (*crowding in*), by reducing the risk associated with specific operations.
- Will be cushioned by a **guarantee fund** (*cash liquidity*).





# **EIP > Pillar 1 > the EFSD Guarantee > eligibility criteria**

## **➤ Objectives, i.a.**

- ✓ SDG and root causes of irregular migration for economic reasons
- ✓ Socio economic sectors
- ✓ Leverage private sector finance

## **➤ Eligible instruments/risks covered, i.a.**

- ✓ Debt
- ✓ Equity
- ✓ Guarantees
- ✓ Capital market instruments

## **➤ Other criteria**

- ✓ Additionality
- ✓ Economically and financially viable (with regard to specific circumstances)
- ✓ Technically viable
- ✓ Socially and environmentally sustainable



# EIP > Pillar 1 > EFSD governance

"shall **ADVISE** the Commission on the **STRATEGIC** orientations and priorities of the EFSD guarantee investments including indicative and thematic coverage for investment windows"... "shall also support overall **COORDINATION, COMPLEMENTARITY** and **COHERENCE** between the" regional investment platforms, the three pillars , the Union's efforts on migration and EIB's operations



## STRATEGIC BOARD

European Commission, HRVP Representative, EU Member States, EIB  
+ European Parliament , IFIs, partner countries as observers

## OPERATIONAL BOARD

EU Commission, EEAS & EU Member States

## SECRETARIAT

Web Portal  
(one-stop-shop)  
External Expertise  
Commission Services

AFRICA  
INVESTMENT  
PLATFORM

NEIGHBORHOOD  
INVESTMENT  
PLATFORM

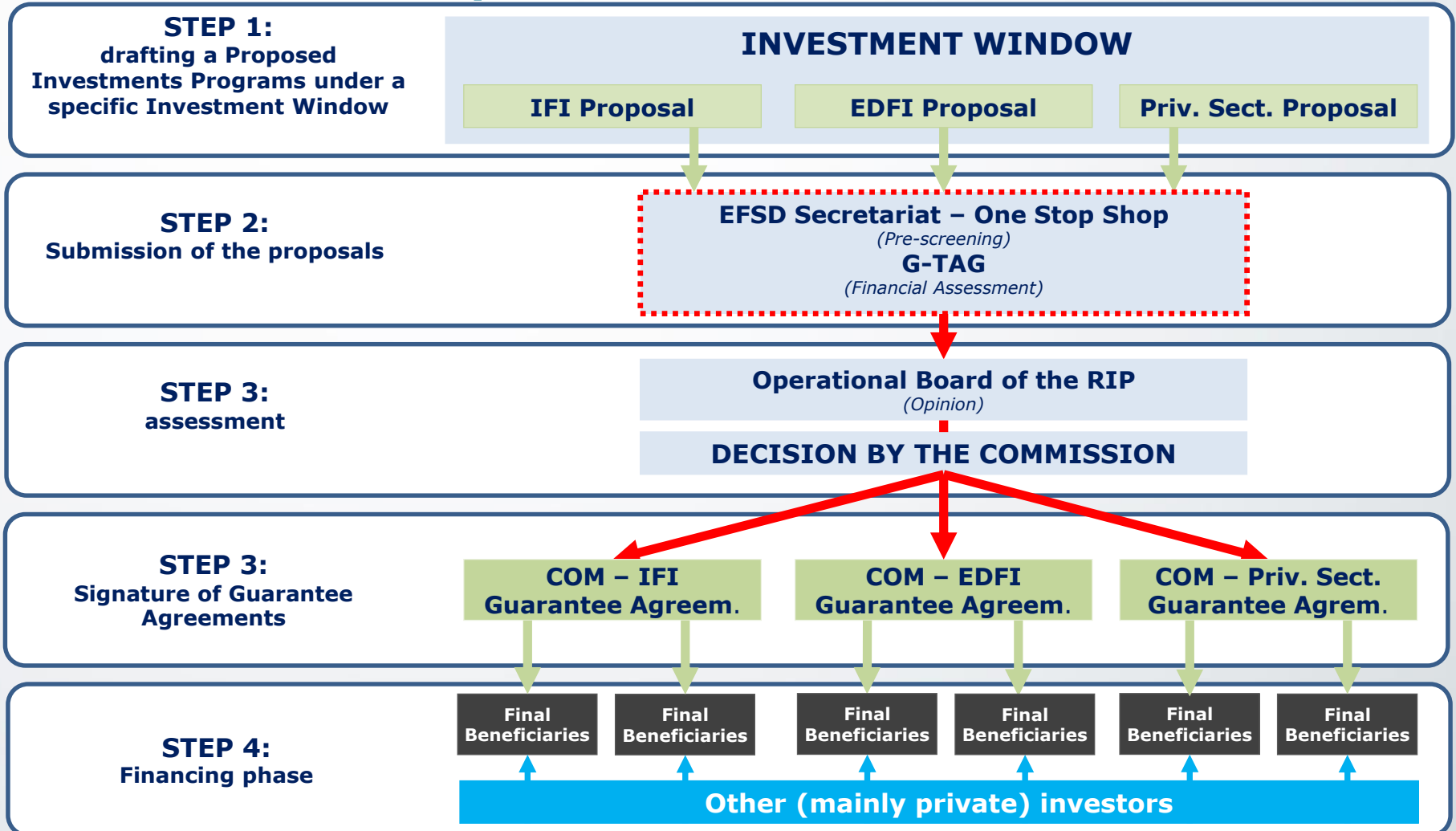


Regional investment platforms for portfolios of investments  
in specific regions, countries or sectors

"**SUPPORTS** the Commission in defining regional and sectorial **INVESTMENT GOALS**, regional, sectorial and thematic investment windows, formulates **OPINION** on the blending operation and discusses the use of the EFSD Guarantee in line with the investment windows to be defined"



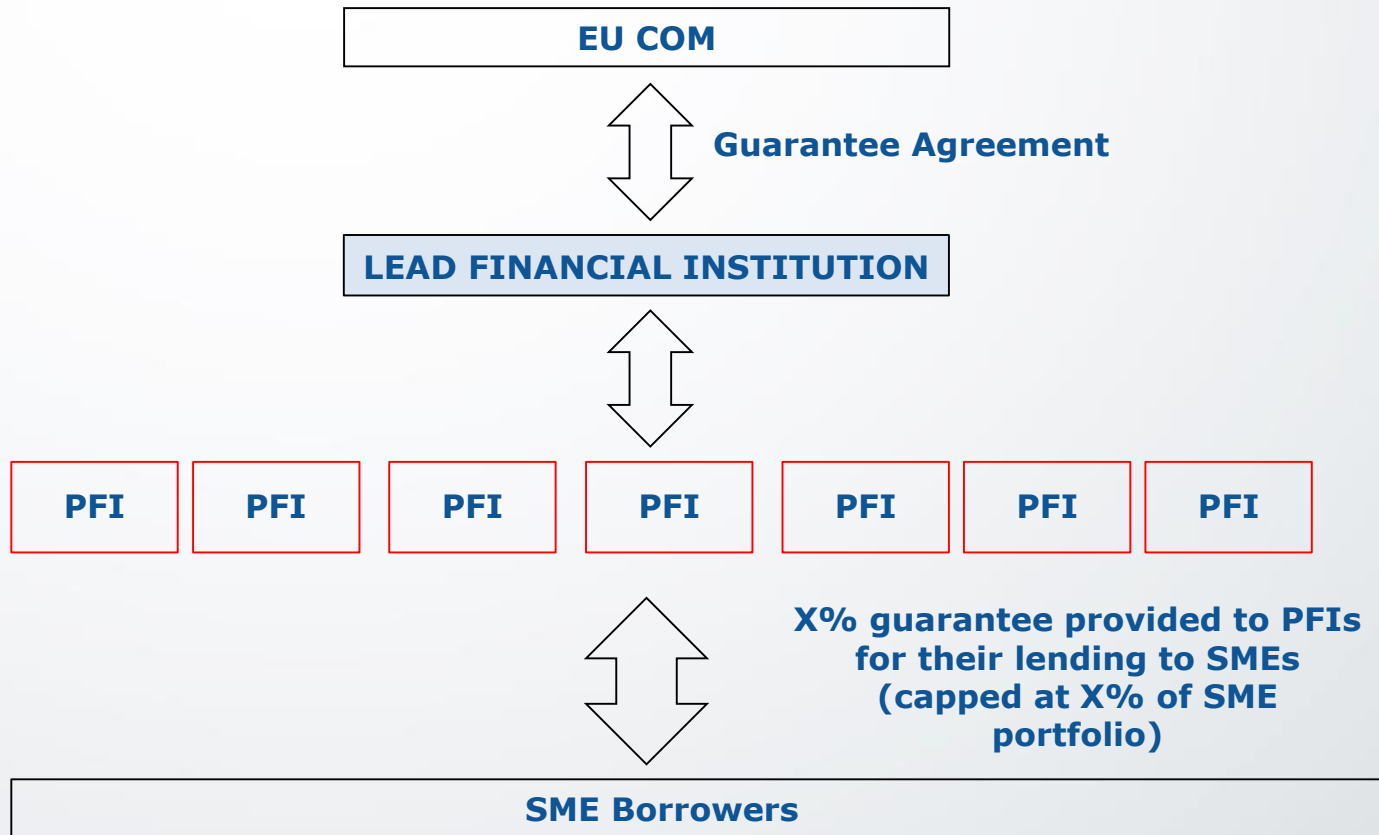
# EIP > Pillar 1 > the EFSD Guarantee > Application process and evaluation





# EIP > Pillar 1 > the EFSD Guarantee >

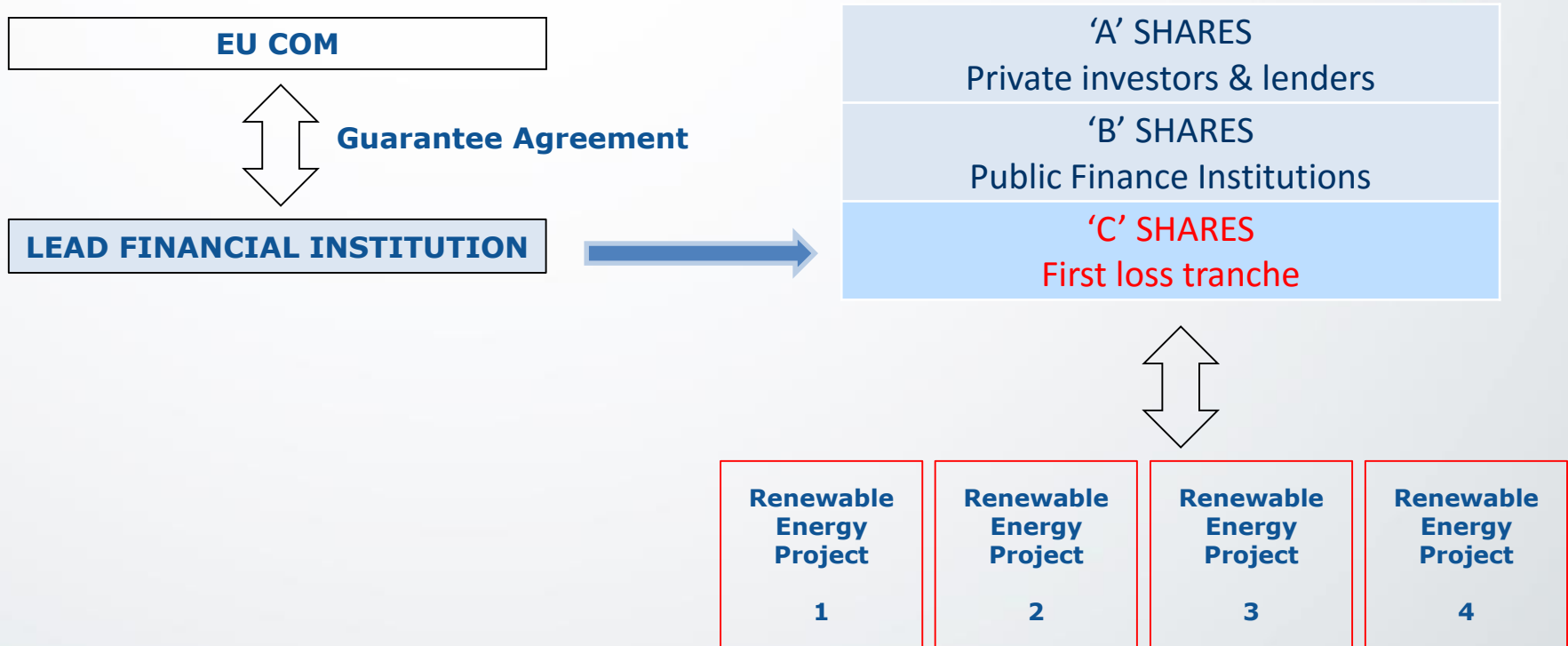
## Example 1: SME lending





# EIP > Pillar 1 > the EFSD Guarantee >

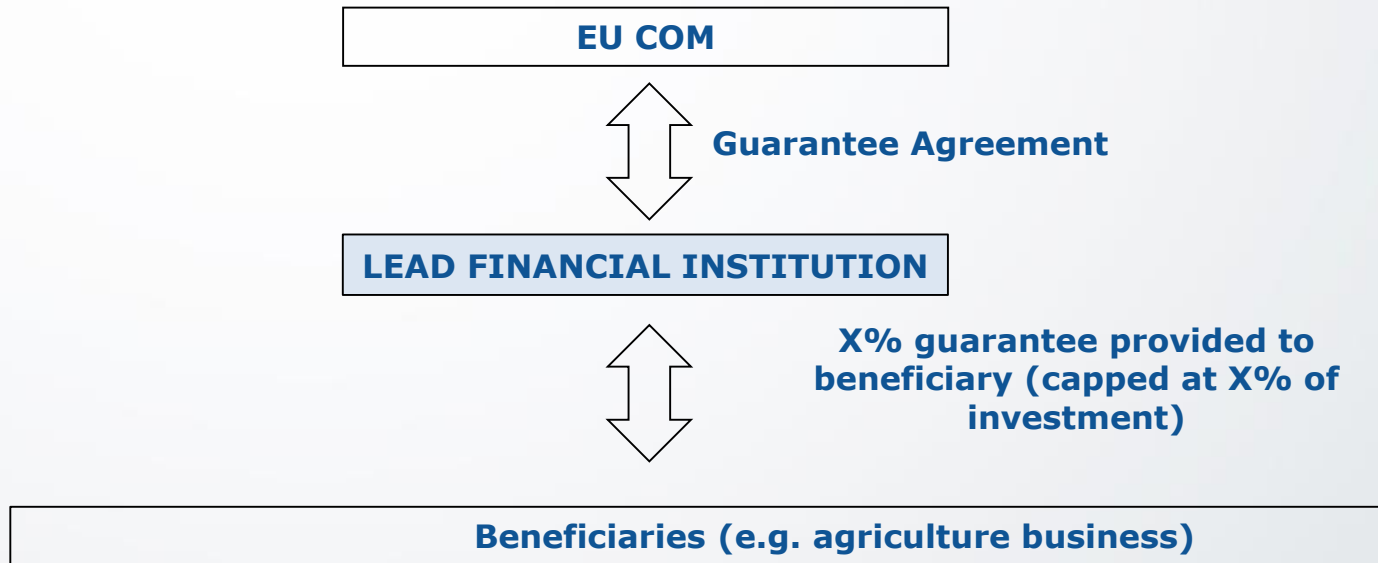
## Example 2: Structured fund (Renewable Energy)





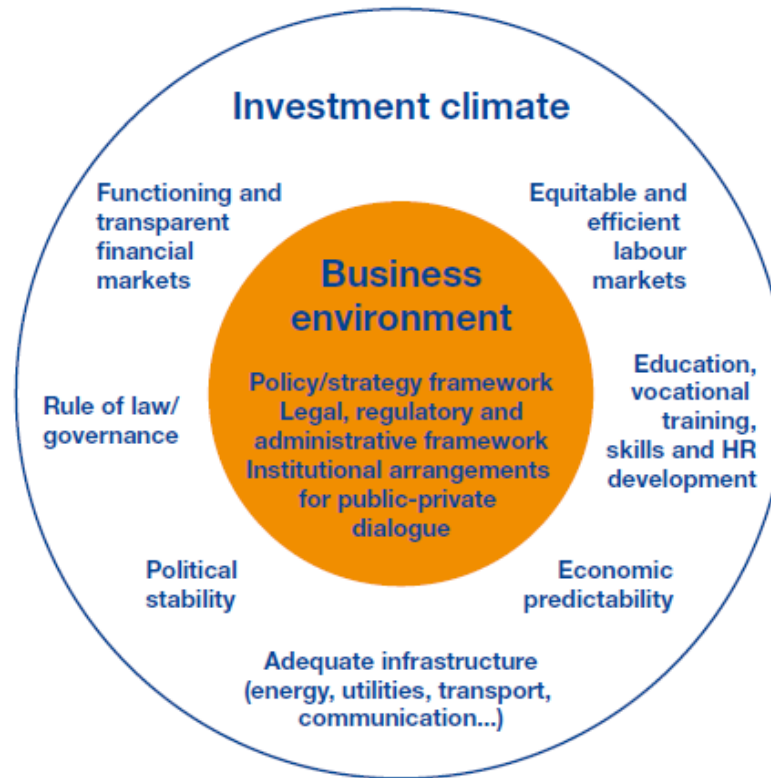
# **EIP > Pillar 1 > the EFSD Guarantee >**

## **Example 3: Direct guarantees to beneficiaries**



## Pillar 3: Promoting a conducive investment & business climate

Figure 1. The business environment as a part of the investment climate





# 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





# Thank you!

[https://ec.europa.eu/commission/priorities/stronger-global-actor/external-investment-plan\\_en](https://ec.europa.eu/commission/priorities/stronger-global-actor/external-investment-plan_en)