

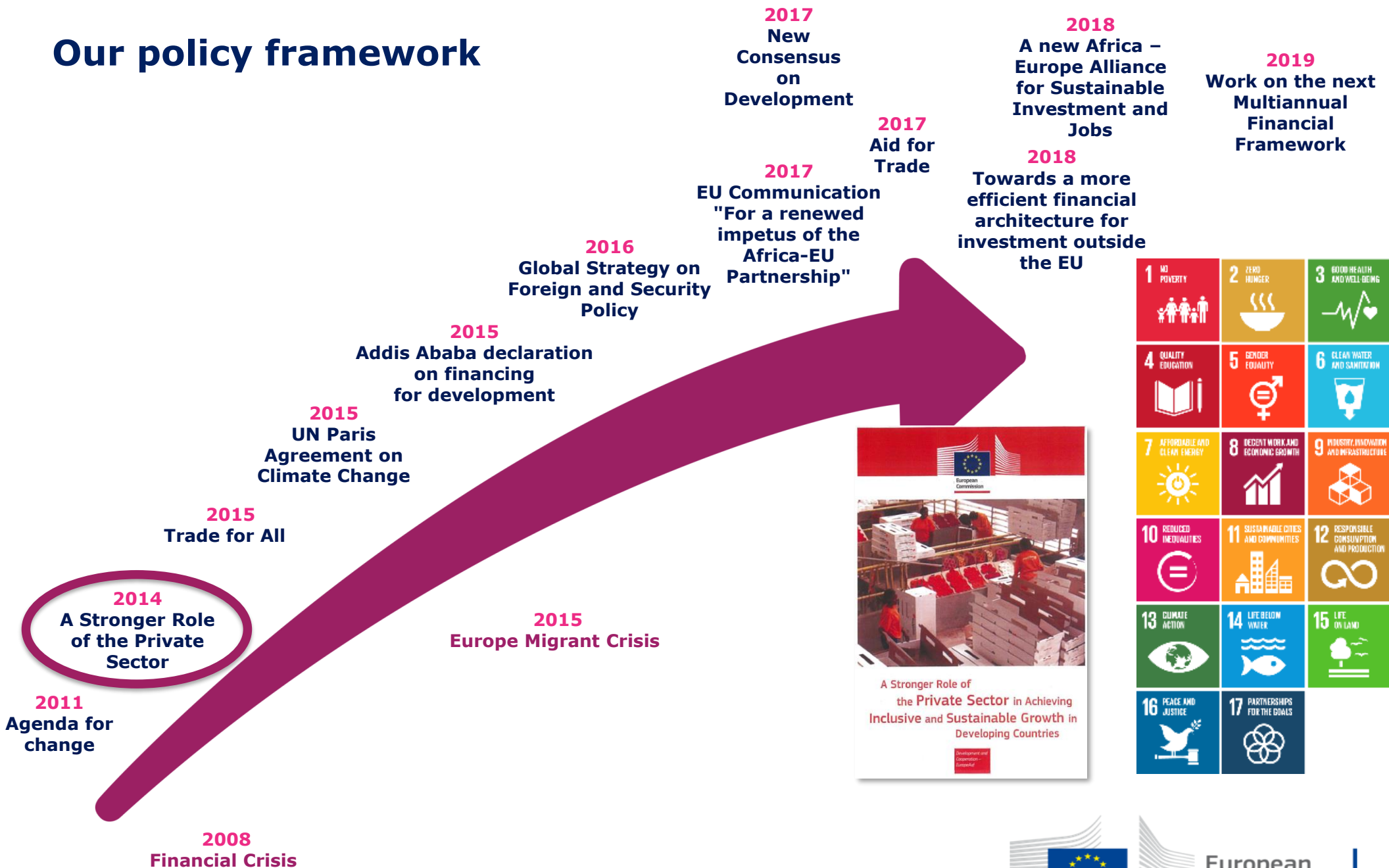


# **6<sup>th</sup> Workshop with Private Sector in the framework of the Policy Forum on Development (PFD)**

## **The External Investment Plan Setting the scene and state of play**

**Antti Karhunen  
Head of Unit Private Sector, Trade  
DG for International Cooperation and Development –  
European Commission**

# Our policy framework



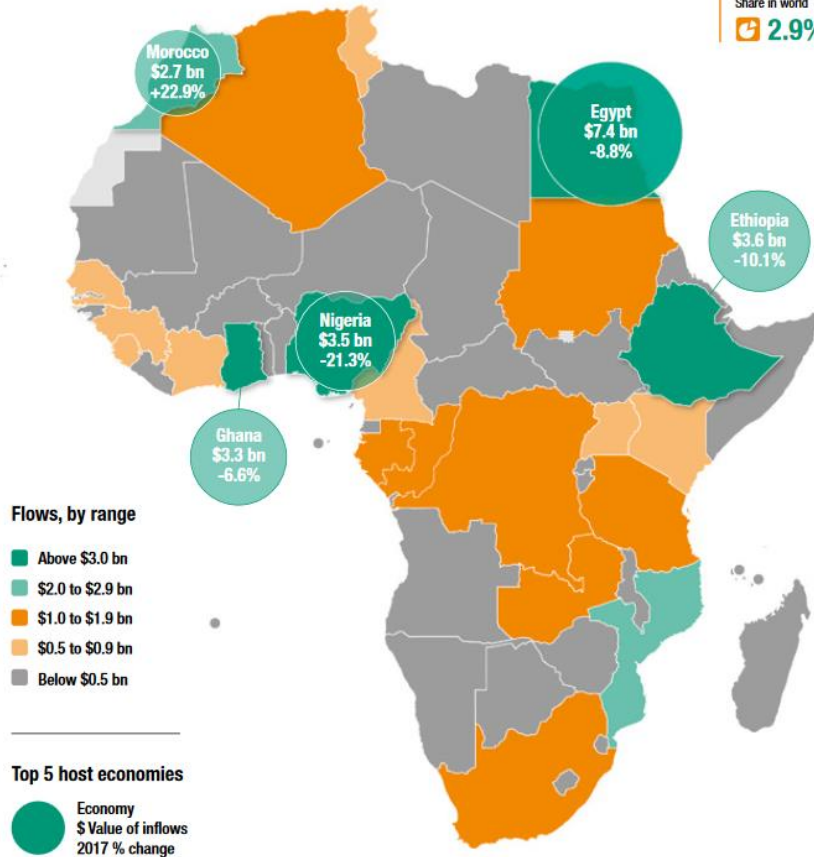
# EU role in trade and Investments in Africa

DEVELOPING ECONOMIES

## AFRICA

FDI flows, top 5 host economies, 2017 (Value and change)

2017 Inflows  
\$ 41.8 bn  
2017 Decrease  
-21.5%  
Share in world  
2.9%



## Africa's trade in goods 2017 per partner



EU

36% | € 243.5 billion



China

16% | € 107 billion



USA

6% | € 44.2 billion

Source: IMF

## Foreign direct Investment Stock in Africa (2016)



EU and  
Member  
States

40% | 291 billion



USA

7% | € 51.52 billion



China

5% | € 36.16 billion

Source: Eurostat, World Investment Report

# Integrated approach



**Financial risk-sharing** is often not enough to attract investors: need also **Technical Assistance** and **investment climate reforms**

**Dialogue is needed** to identify gaps and actions

- Policy dialogue with governments on country strategies
- Public-private dialogue on business constraints and opportunities
- Dialogue with IFIs on project portfolios and possible needs

**Important role for EU Delegations:** country analysis; interlocutors with government; facilitator of PPD; broker and watchdog with the IFIs; implementing agent of cooperation activities

# EIP Pillar 1 - Current State of Play

## *EFSD Funding €3.74bn mobilizes €36.9bn*

### EFSD Guarantees

**€1.54bn mobilizes €17.5bn**

#### 28 Proposed Investment Programmes:

- Close to 4 million jobs (woman, youth)
- Reducing carbon emissions by 6000 kT / year)
- less migration pressure

**2/3 in SSA, 1/3 in NEAR**

**Leading Sector - Sustainable Energy** – 4+ GW, incl renewable energy

**Other: MSMEs** (woman, youth entrepreneurs) in rural areas

**TA €150 million**: capacity building – local banks, end-beneficiaries

### EFSD Blending

**€2.2bn mobilizes €19.4bn**

#### 99 Sustainable Investment Projects:

- **51 in SSA - €9.9bn**
- **48 in NEAR - €9.5bn**

#### SSA Sectoral Distribution:

transport 45%, energy 34%, private sector development 10%, agriculture 7%, other 4%.

#### NEAR Sectoral Distribution:

private sector development (31%), energy (20%), water and sanitation (15%), environment (15%), other (19%)

**Additional allocation of €400 million → total blending € 3 bn**

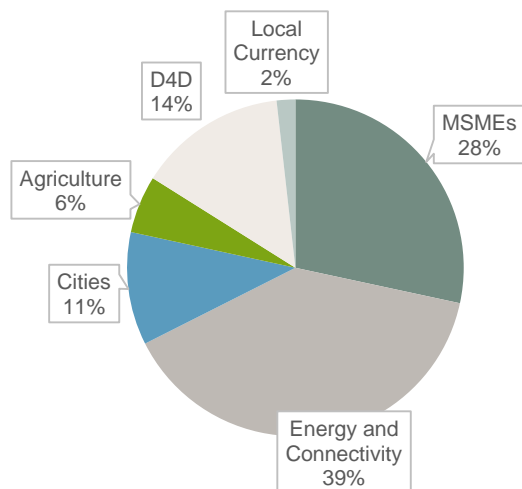
# Priority Areas for Investment

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

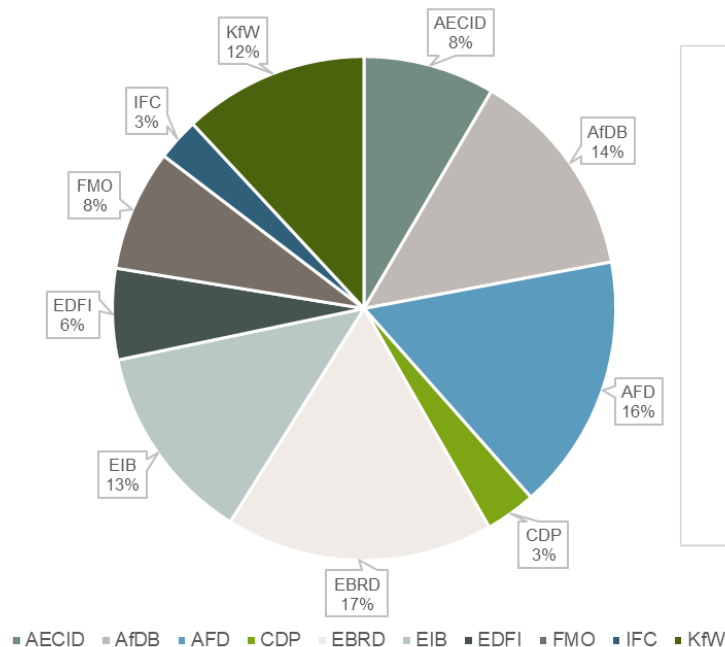
**Cross-cutting objective:** local currency financing, focus on fragile states, not-distorting market competition



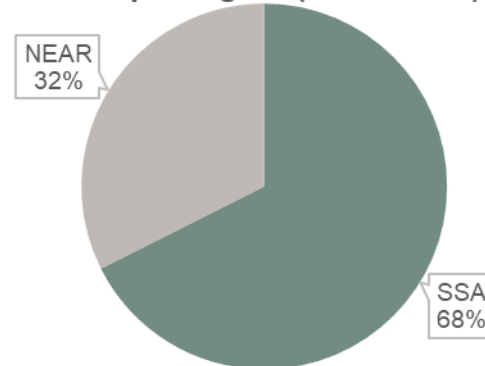
**Distribution of proposed EFSD Guarantee allocations per Investment Window**



**Distribution of EFSD Guarantee allocations per FI**



**Distribution of EFSD Guarantee allocations per region (SSA-NEAR)**

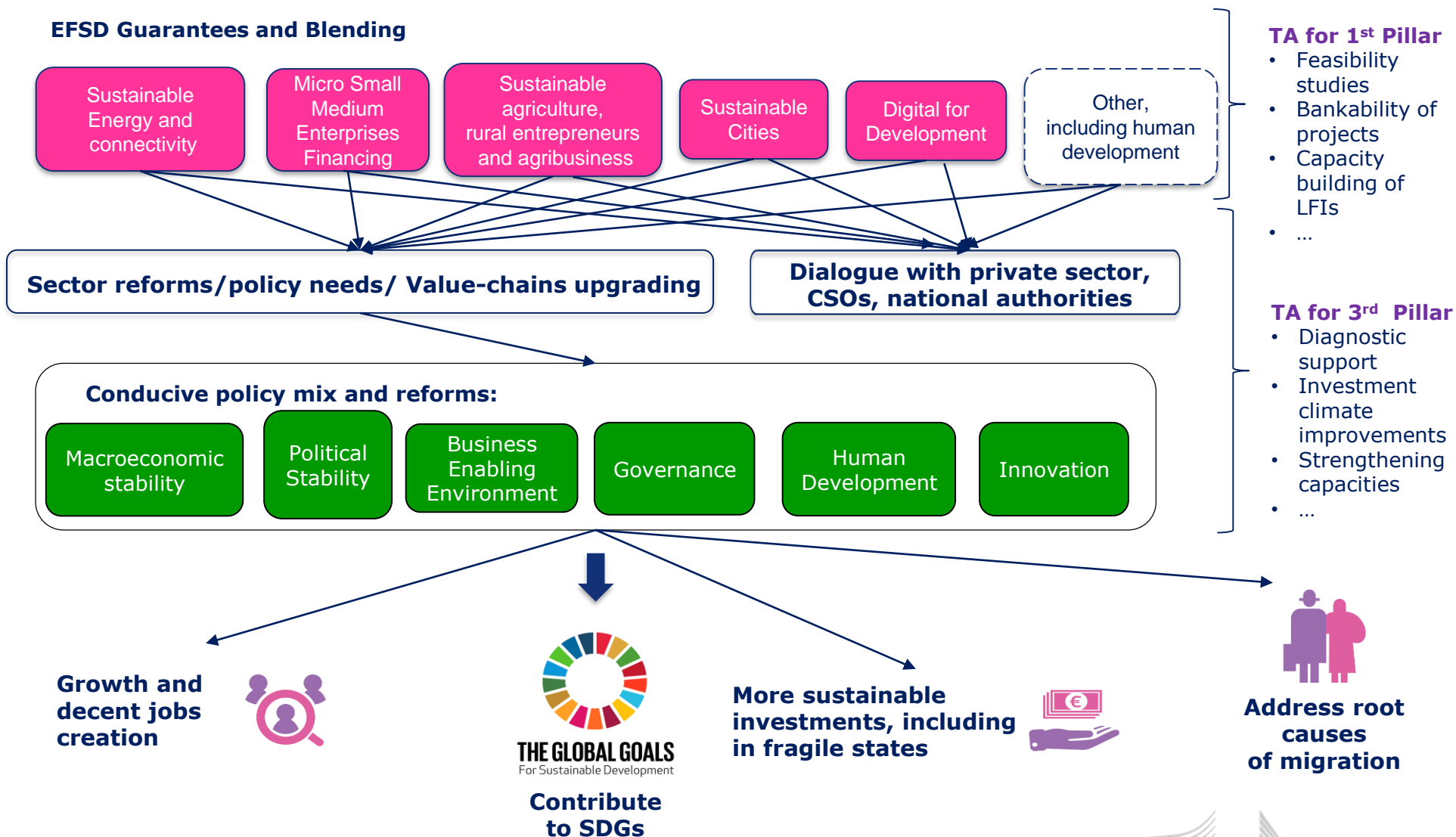


# Digitalisation for Sustainable Development

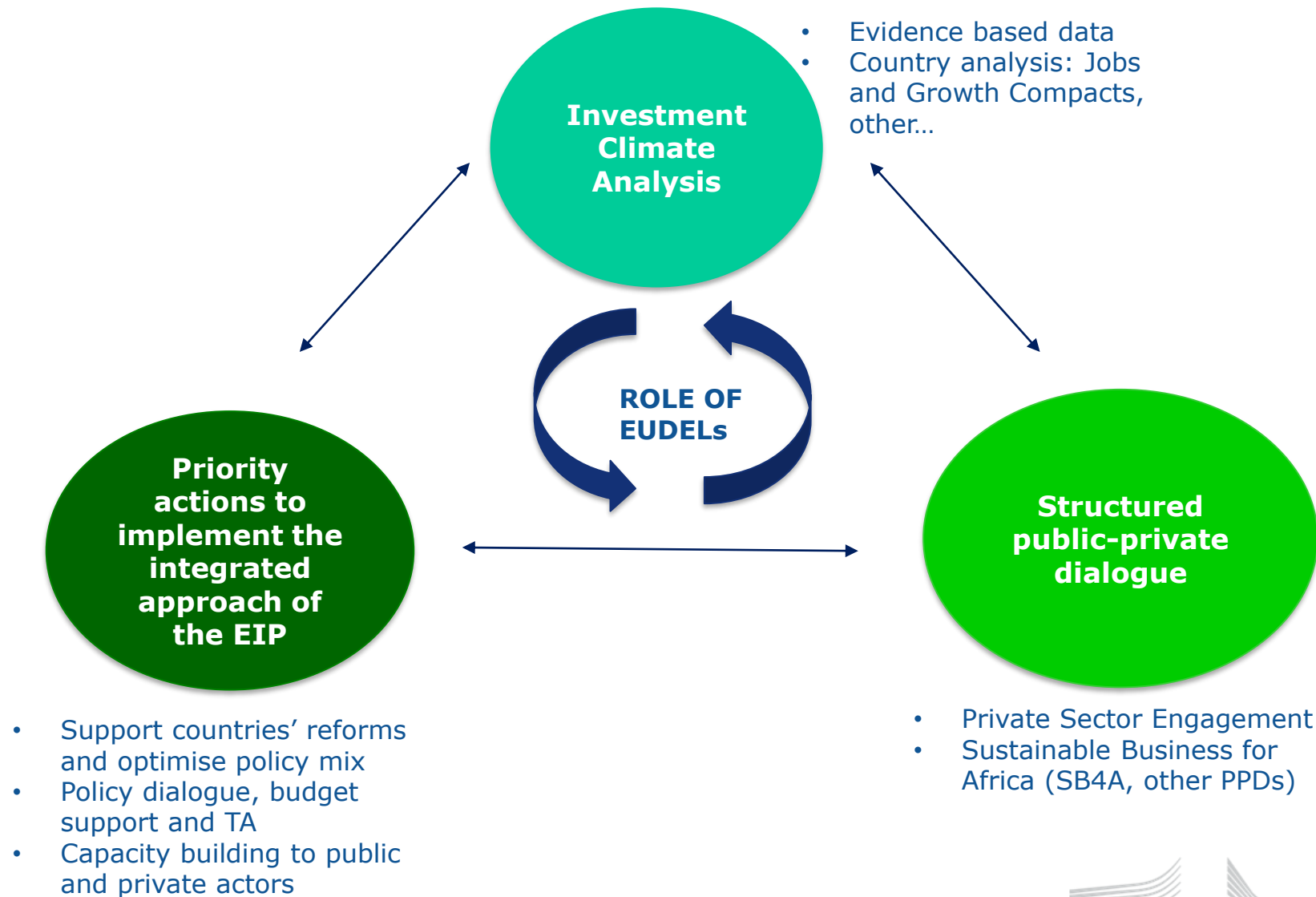
## Guarantee products

- **European Digital Health Guarantee Platform (EIB)**
- **Digital Transformation Platform (EIB/ EBRD)**
- **FMO Ventures Programme (FMO)**
- **Social Impact Fund for Africa (AfDB)**
- **FISEA+ Fund (AFD)**

# Link EFSD Guarantees with TA and Investment Climate improvements



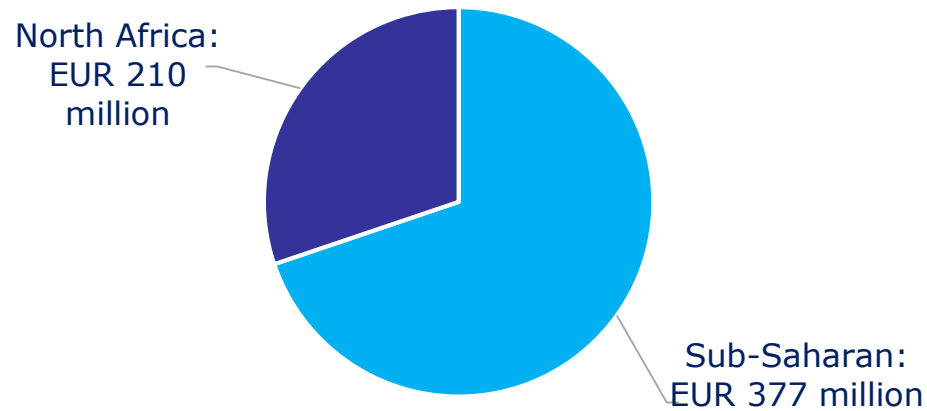
# The building blocks of our actions on Pillar 3 of the EIP



## TA for Pillar 3 in Africa – State of Play

- Africa-Europe Alliance: target EUR 300-350 million/year
- In 2018, EU committed over EUR 540 million on business and investment climate reforms (estimate)

### EIP related TA & Budget Support for Africa (estimate)



# Structured Public Private Dialogue

## Building Trust

- Long term process, local context and institutional arrangements
- Ensure will and capacity of governments and private sector
- Identify reforms needs with the private sector
- Demonstrate quick success stories

## High Level Sectoral taskforces:

**Agriculture, Energy,  
Digital and Transport**



# Way forward

- **Signing of EFSD guarantee agreements – roll-out of investments under EFSD guarantee**
- **Blending projects continued under Africa and Neighbourhood Investment Platform**
- **EIP outreach events in 2019 planned to deepen our cooperation**
  - ✓ Sub-Saharan Africa: Cameroon, Ivory Coast, Burkina Faso, Angola, Ethiopia, Kenya/Somalia, Zambia
  - ✓ Neighbourhood: Tunisia, Morocco, Egypt, Jordan, Lebanon, Ukraine, Georgia
- **Organise working sessions with Business Community, CSOs, Member States and partner countries' governments in the outreach events**
- **EU Delegation to continue SB4A process building on the EIP outreach events: Business participation is crucial!**
- **Further discuss with Member states at expert level in March 2019 and at the EFSD Strategic Board in June/July 2019**
- **EU Development Days (EDDs), other events coming up!**