



Global Policy Forum on Development
Innovative Development Assistance/EIP Session

21 March 2018 (11:30-13:00)

Title of session: Innovative Development Assistance: how can blending Official Development Assistance (ODA) with private and public loans contribute to the SDGs

Objective(s):

- Present the European Investment Plan (EIP) to the Policy Development Forum (PFD) participants and put it in the context of increasing expectations from private sector to fill the estimated financial gap to reach the SDGs.
- Discuss the implications of blended finance for developing countries and its potential impact within the recipient countries.
- Make recommendations to the EU institutions regarding the implementation of the EIP to ensure its contribution to the achievement of the SDGs.

Expected Results:

- The PFD participants are well informed about the EIP and blended finance in the context of the 2030 Agenda.
- EU institutions, Member States and EIP stakeholders are well aware of PFD's constituencies' views on blended finance and the EIP in particular.

Background:

Since 2007, the EU has been using blending as an important way to leverage additional resources and increase the impact of EU aid to support inclusive, sustainable growth and job creation. This trend of blending continues with the European External Investment Plan (EIP), which integrates existing blending facilities with technical assistance and policy dialogue for Africa and the EU Neighbourhood, highlighting an increased interest towards the private sector as a development actor to bridge the funding gap for the achievement of the 2030 Agenda.

It is worth mentioning the paradigm shift in Financing for Development (FfD) reflected in the outcomes of Addis Summit on FfD (2015). Consequently, private finance, in the form of Foreign Direct Investments (FDI), Public Private Partnerships (PPP) and different tools for domestic



resource mobilization became the main pillars of the partnership for development. This is paralleled with a new definition of ODA adopted by the OECD in 2015 allowing the consideration of expenditures on security, some military spending, humanitarian interventions and migrants' integration in the EU host member states as part of ODA, as well as the support of certain private interventions in developmental projects.

While the private sector's involvement in the SDGs is valued, the participation of private finance institutions and private sector directly in development cooperation initiatives funded by ODA poses a number of questions in terms achieving sustainable and inclusive economic progress, guaranteeing decent work, reducing inequalities and countering the shrinking space for civil society organizations. Moreover, many have questioned the effectiveness of blended finance in meeting development priorities as well as social and economic rights, especially in light of profitability aims of the private sector while shifting risks to the public sector, notably when it comes to PPP. This raises certain concerns related to the respect of human rights particularly social, labour and environmental standards, transparency and accountability.

The dialogue will explore how partner countries within Africa and the EU Neighbourhood are experiencing private sector interventions in development, notably the challenges faced in meeting developmental needs as well as human rights standards, and how PFD constituencies can engage in EU initiatives on innovative development finance (e.g. blended finance) to ensure they contribute to the social, environmental, economic and governance dimensions of development, as per the 2030 Agenda.

Methodology:

- Panel discussion between representatives of EU institutions and PFD constituencies (45 minutes) followed by a Q&A with the audience (45 minutes).