



An economy that works for people

Policy Forum - Policy Forum on Development: Thematic webinars



20 October 2020

We implement policies

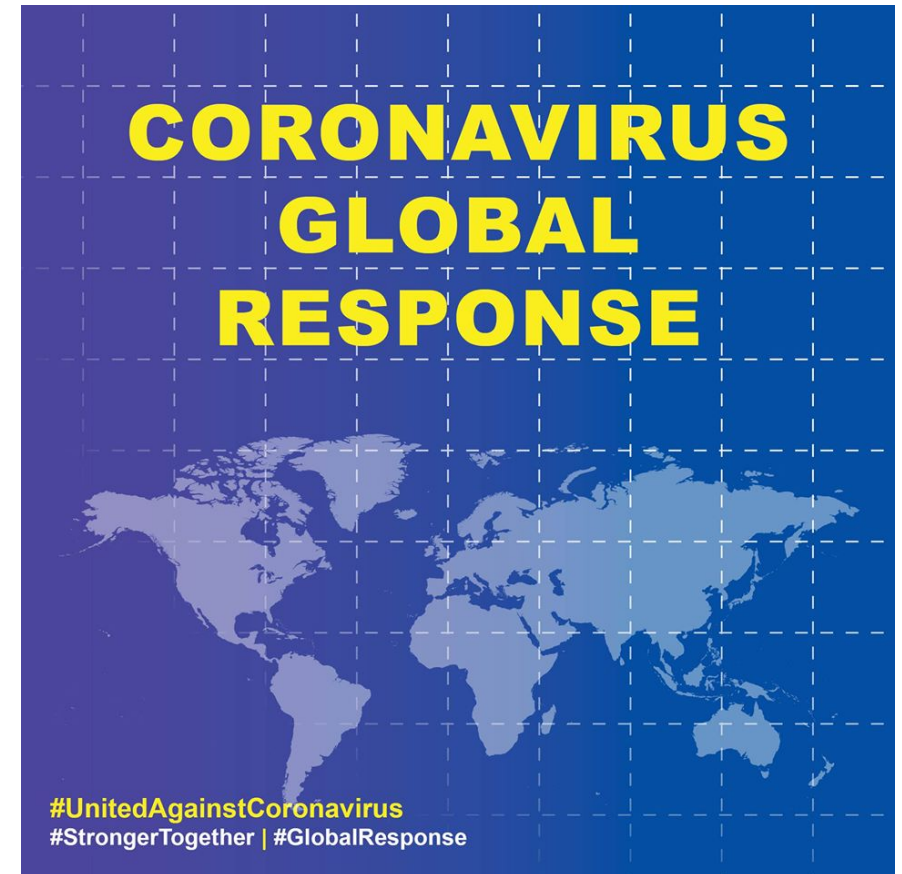
- ✓ **Addis Ababa Action Agenda** on Financing for Development
- ✓ The 2017 **European Consensus on Development**
- ✓ **Global Strategy** for the EU Foreign and Security Policy
- ✓ 2014 EU Communication "The **Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries**"
- ✓ EU Communication "**Towards a comprehensive Strategy with Africa** "
- ✓ 2017 Aid for Trade Communication - **Achieving Prosperity through Trade and Investment**



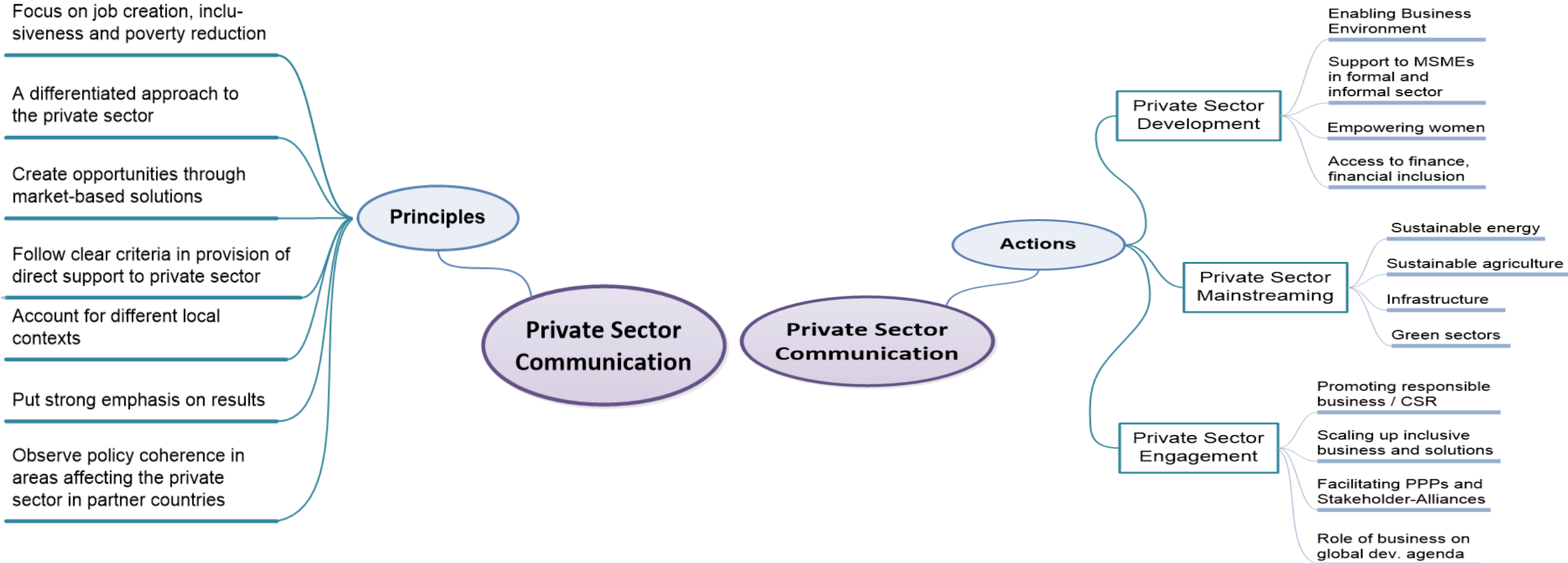
EU Global Response to Covid-19

- Emergency response
- Supporting healthcare systems and the response to the pandemic in partner countries
- Economic response
- Business response

#TeamEurope approach ([here](#))



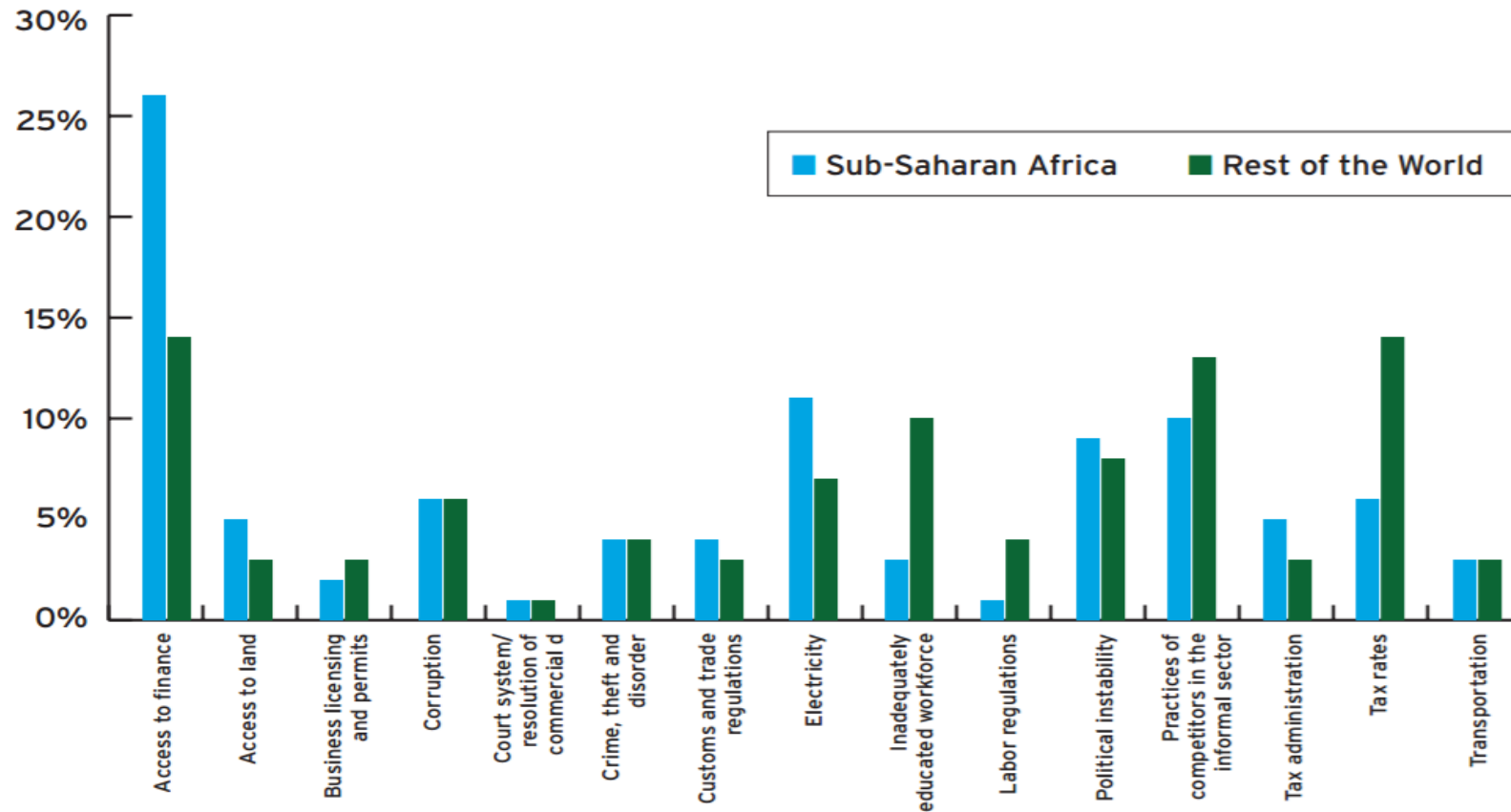
From Private Sector Development to Sustainable growth and Jobs



MSMEs in the 2030 Agenda



Obstacles to MSMEs



World Bank Enterprise Survey



European
Commission

Local private sector as engine of Covid1-19 recovery

Emerging economies growth concentrated in a few sectors (telecoms, infrastructure, oil, gas, mining) but little on **value added** such as agriculture of manufacturing.



Significant gap in financing for **early stage private sector**: very few investors reach them & closing this gap is the biggest challenge.

Local private sector major obstacles:

- 1) Access to long-term finance;
- 2) Access to skills to strengthen operational capacity;
- 3) Low governance and management practises

EIP's integrated 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

- Guarantee Fund of €1.5 billion fully mobilised in 28 programmes
- Blending operations: €3.1 billion committed

For every

€1

we invest from the EFSD
we expect to generate

€10

in overall
investment

Progress in the implementation of the EFSD

Targets by 2020

€4.1 billion



We aimed to **allocate**
€4.1 billion in EU funds...

€44 billion



...and to **generate**
10 times more in investment.

Results by end 2019

€4.6 billion



We had **allocated**
€4.6 billion in EU funds.

€47 billion



These funds should **generate**
10 times more in investment.

Key instruments to promote investments

- **Blending:** The combination of grants with financial instruments (loans, equity) in order to make operations with high development impact bankable

HOW?: grant equals to a payment “exiting” the EU budget.

- **Budgetary guarantees:** de-risking by guaranteeing financial operations against default that would otherwise not be financed due to the high level of real or perceived risk, or would require an excessively high remuneration by the borrower/recipient

HOW? - amount put aside in a fund as “liquidity cushion” (provisioning)



Pillar 2 – Technical Assistance



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

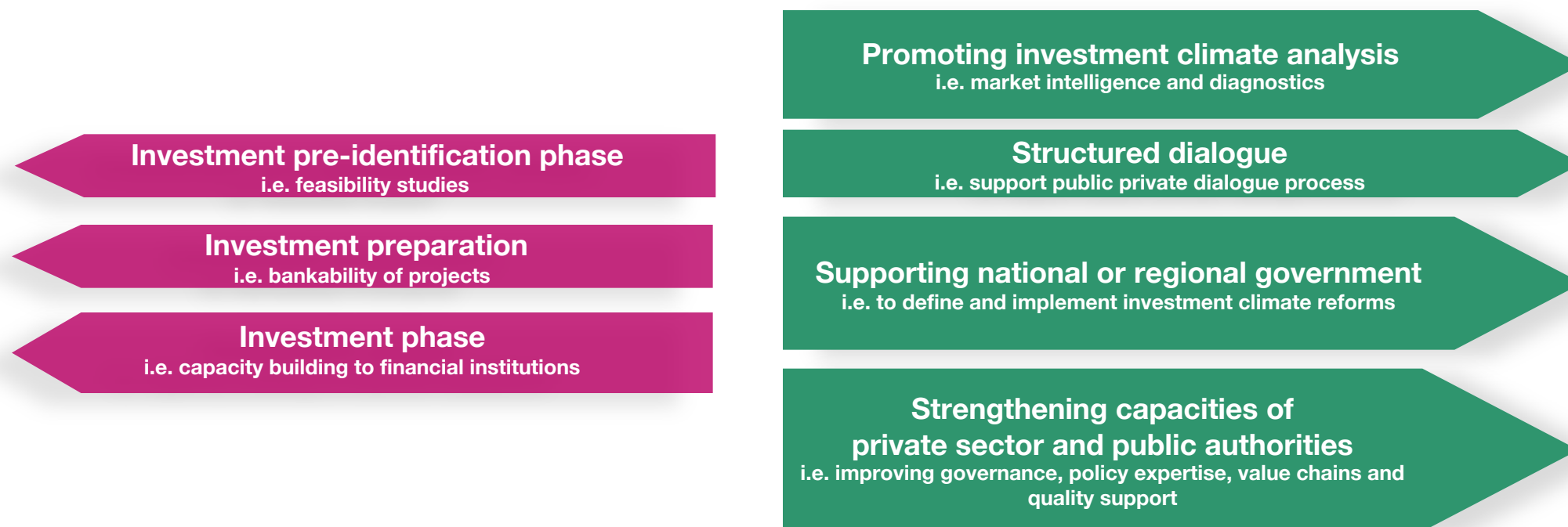


Investment Climate

- Structured dialogue with business
- Market Intelligence & Analytics
- Policy and political dialogue
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A one-stop-shop for public and private investors

Technical Assistance for Pillar 1 and Pillar 3



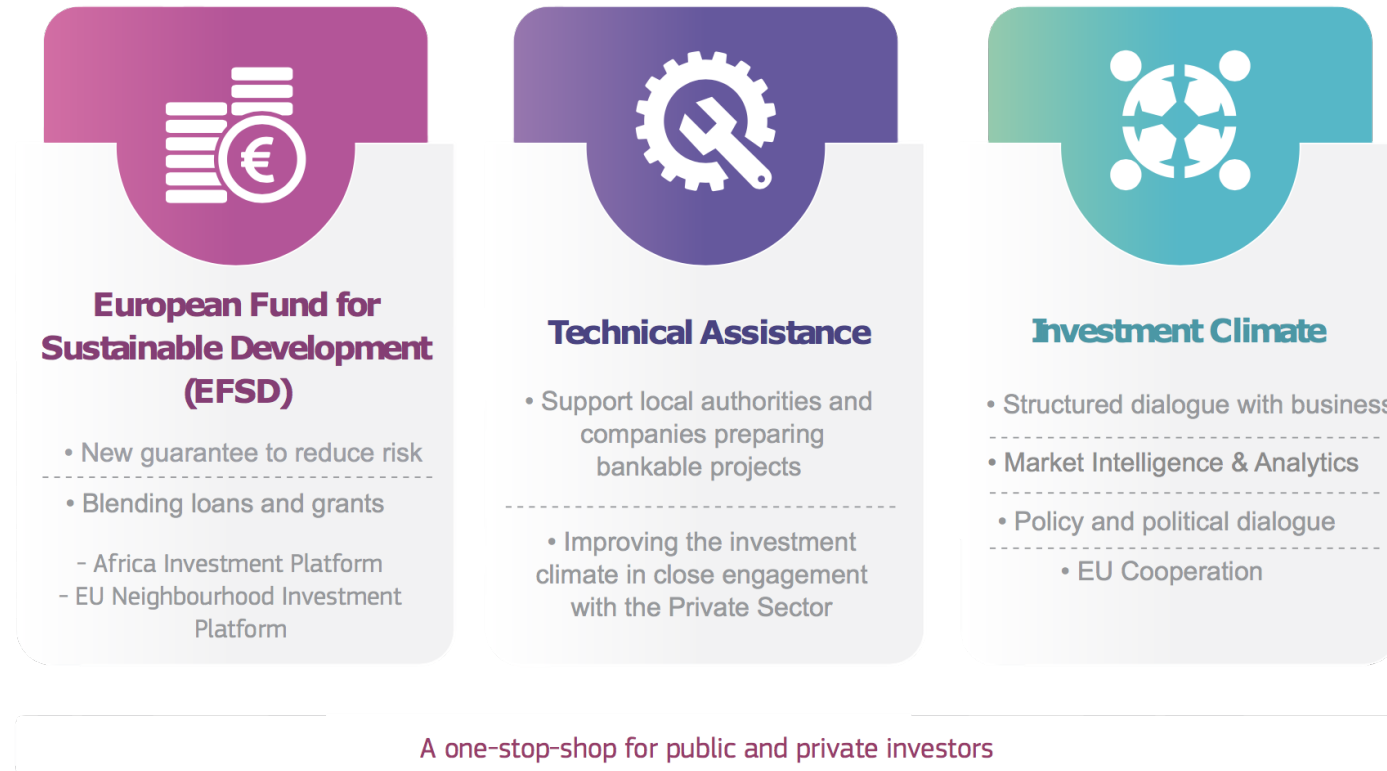
Source:

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

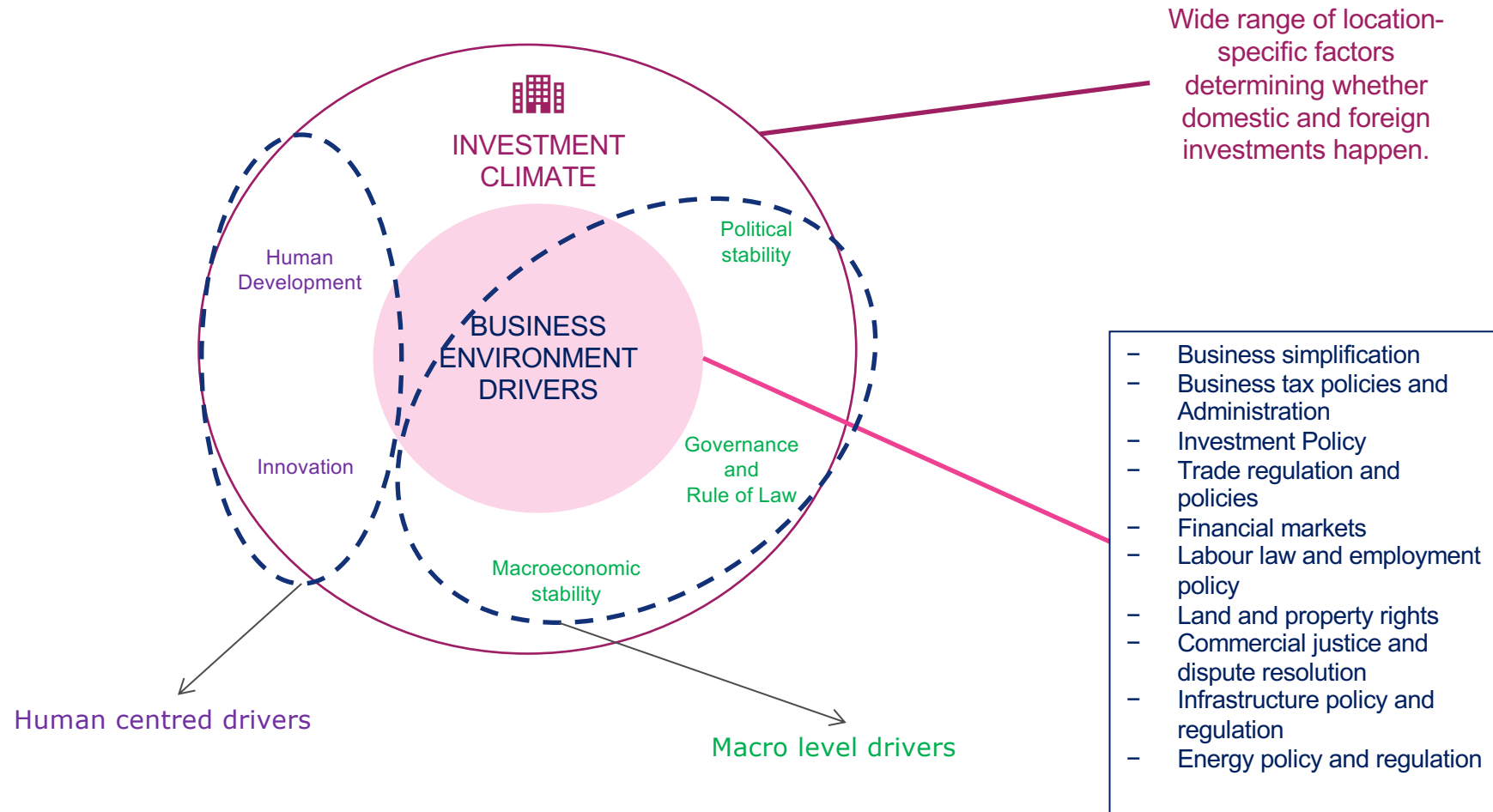
Source:

- Typically programmed as part of the NIPs/RIPs/thematic budget lines
- It can also be TA for Budget Support operations
- In few cases, within guarantee proposals

Pillar 3 – Investment Climate

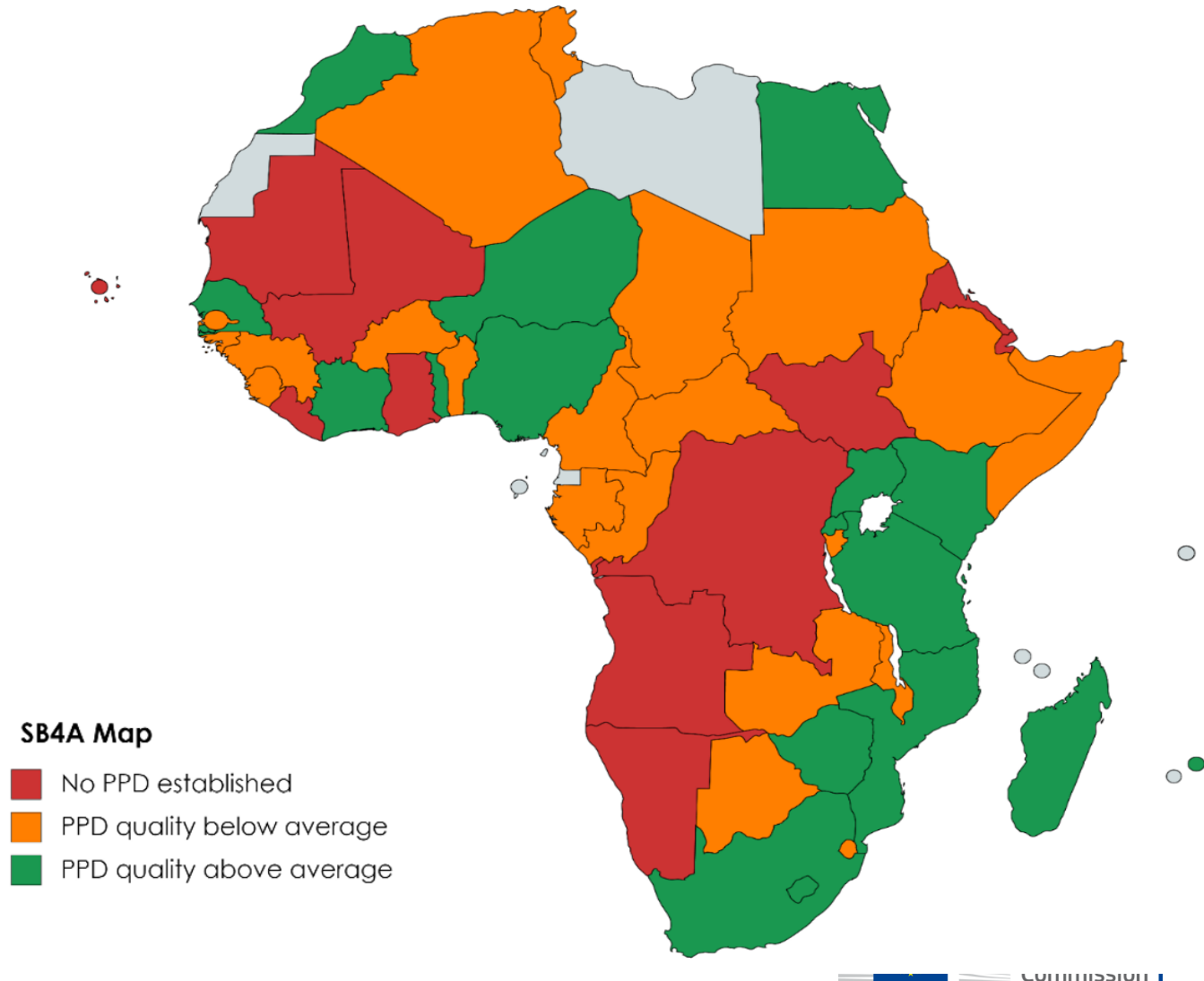


Investment Climate drivers



Promoting Structured dialogue – Sustainable Business 4 Africa (SB4A)

- 82% of EU Delegations have regular bilateral contacts with the local and EU private sector
- In 35 countries EU Delegations facilitate Public-private dialogues, and others are building this activity



Thank you



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