



**Encuentro Club de Exportadores e Inversores**

# **La nueva arquitectura financiera europea para el desarrollo**

**16 Noviembre 2020**



# Heading VI: Neighbourhood and the world

## EU External action in context



Collectively, world's largest aid and humanitarian aid donor



Promoting peace, stability and other EU values in the neighbourhood and beyond



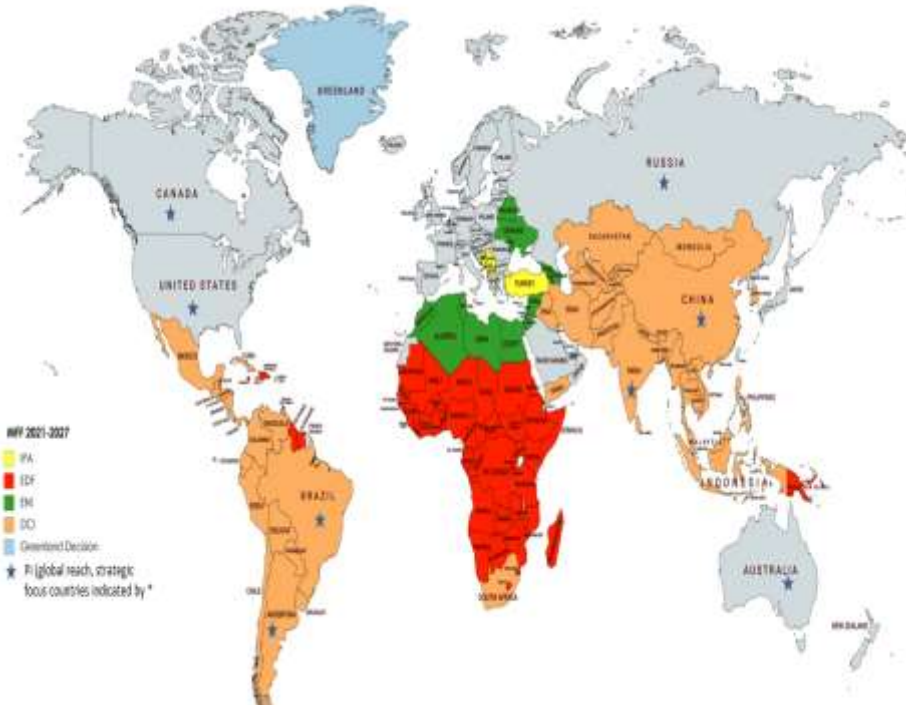
First trading partner and first foreign investor in almost every country in the world



# Neighbourhood, Development and International Cooperation

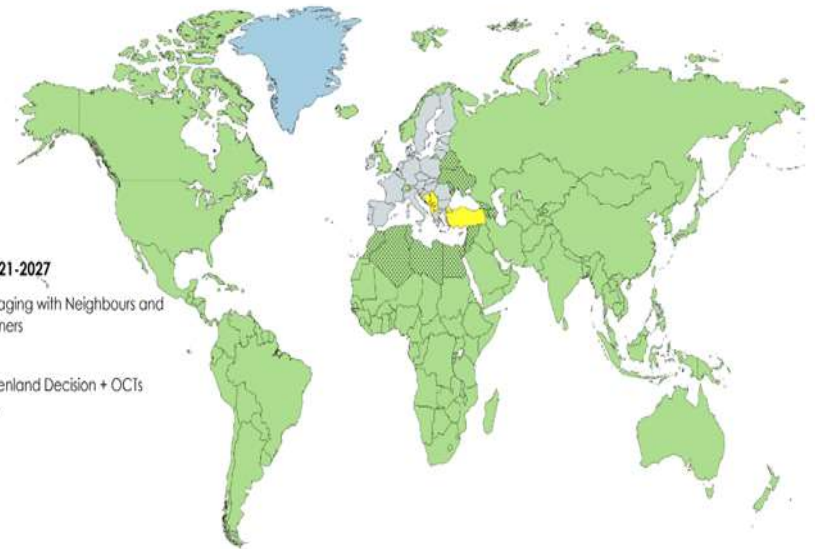
2014-2020

2021-2027

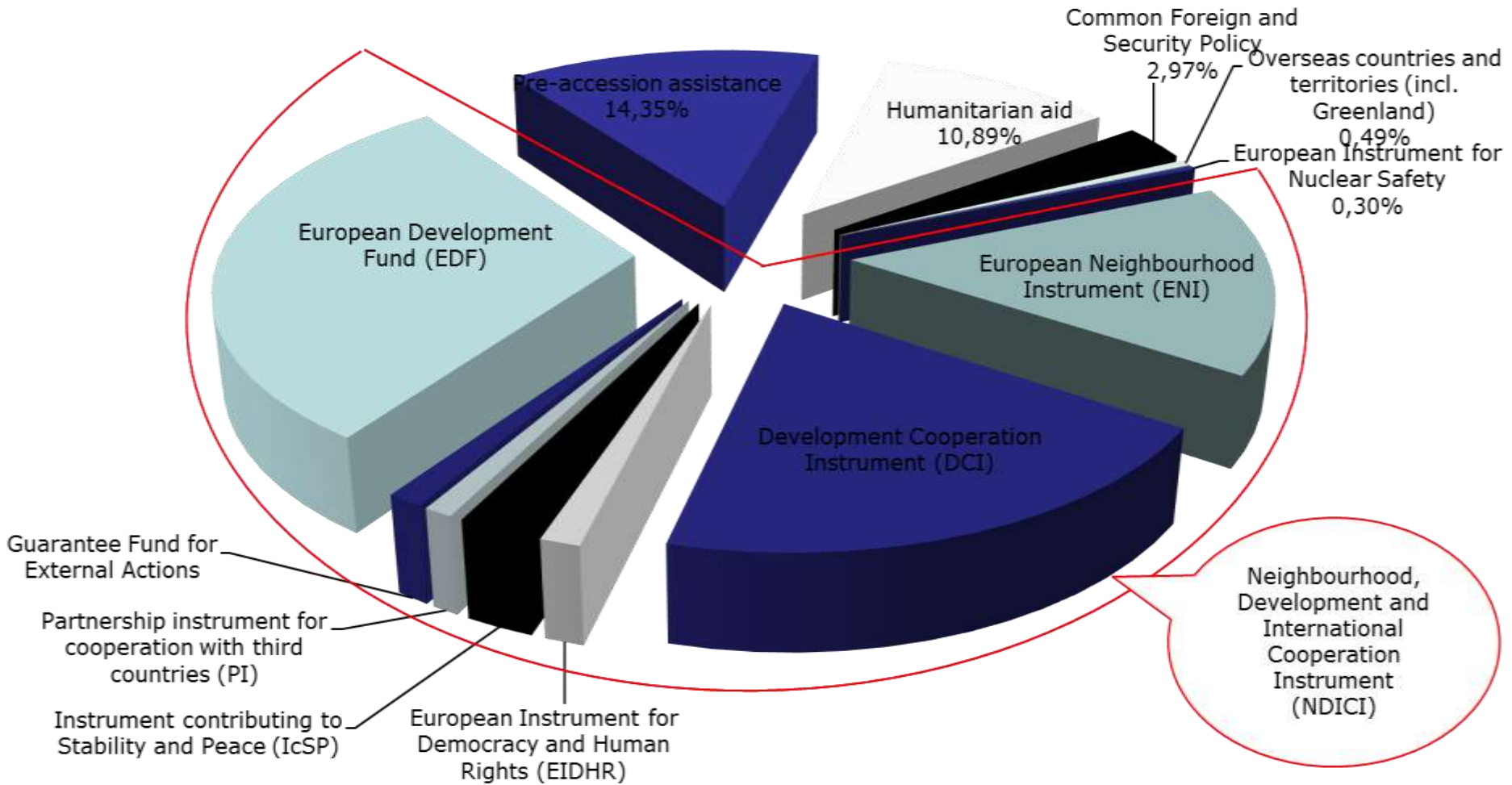


**MFF 2021-2027**

- Engaging with Neighbours and Partners
- IPA
- Greenland Decision + OCTs
- ENP



# NDICI: Rationalisation and “policy first”



# NDICI (Instrumento de Vecindad, Desarrollo y Cooperación Internacional) 2021-2027: 3 pilares

## Geográfico

- Vecindad
- África subsahariana
- Asia y el Pacífico
- América y el Caribe

## Temático

- Derechos humanos y democracia
- Organizaciones de la sociedad civil
- Estabilidad y paz
- Desafíos globales

## Respuesta rápida

- Respuesta a crisis y prevención de conflictos
- Resiliencia y nexo entre acciones humanitarias y de desarrollo
- Necesidades y prioridades de política exterior

Erasmus

Inversión  
EFSD+

**Margen para desafíos y prioridades emergentes**



## Objetivos horizontals de NDICI

- Se ha establecido un nivel de al menos el **92%** actividades DAC-ables para todo el instrumento (artículo 3): el NDICI debería contribuir al objetivo colectivo de la Unión de proporcionar el **0,7%** de la renta nacional bruta en ayuda al **desarrollo/0,2%** para los **países menos avanzados**
- **Prioridades transversales**
  - 25% para acciones relacionadas con el clima
  - 20% de los fondos elegibles de la AOD para la inclusión social y el desarrollo humano, incluida la igualdad de género y el empoderamiento de las mujeres
  - 10% para acciones relacionadas con la migración

# NDICI envelopes – preliminar figures

NDICI: Comparison between EUCO agreement and MFF 14-20 and initial COM proposal

*current prices*

	MFF 14-20 (as of August 2020)	EUCO agreement*	% difference between EUCO agreement and MFF 14-20
NDICI	70.757	79.462	12,3
Geographic programmes	58.096	60.388	3,9
Neighbourhood	17.855	19.323	8,2
Sub-Saharan Africa	26.336	29.181	10,8
Asia and the Pacific	9.909	8.489	-14,3
Americas and the Caribbean	3.995	3.395	-15,0
Thematic programmes	9.223	6.358	-31,1
Human Rights and Democracy	1.314	1.362	3,7
Civil Society Organisations	1.427	1.362	-4,5
Stability and Peace	712	908	27,5
Global Challenges	5.768	2.725	-52,8
Rapid response actions	3.438	3.182	-7,5
Emerging challenges and priorities cushion	<i>p.m. 6.869</i>	9.534	

\* For amounts not detailed in the EUCO agreement, the calculations are as follows:

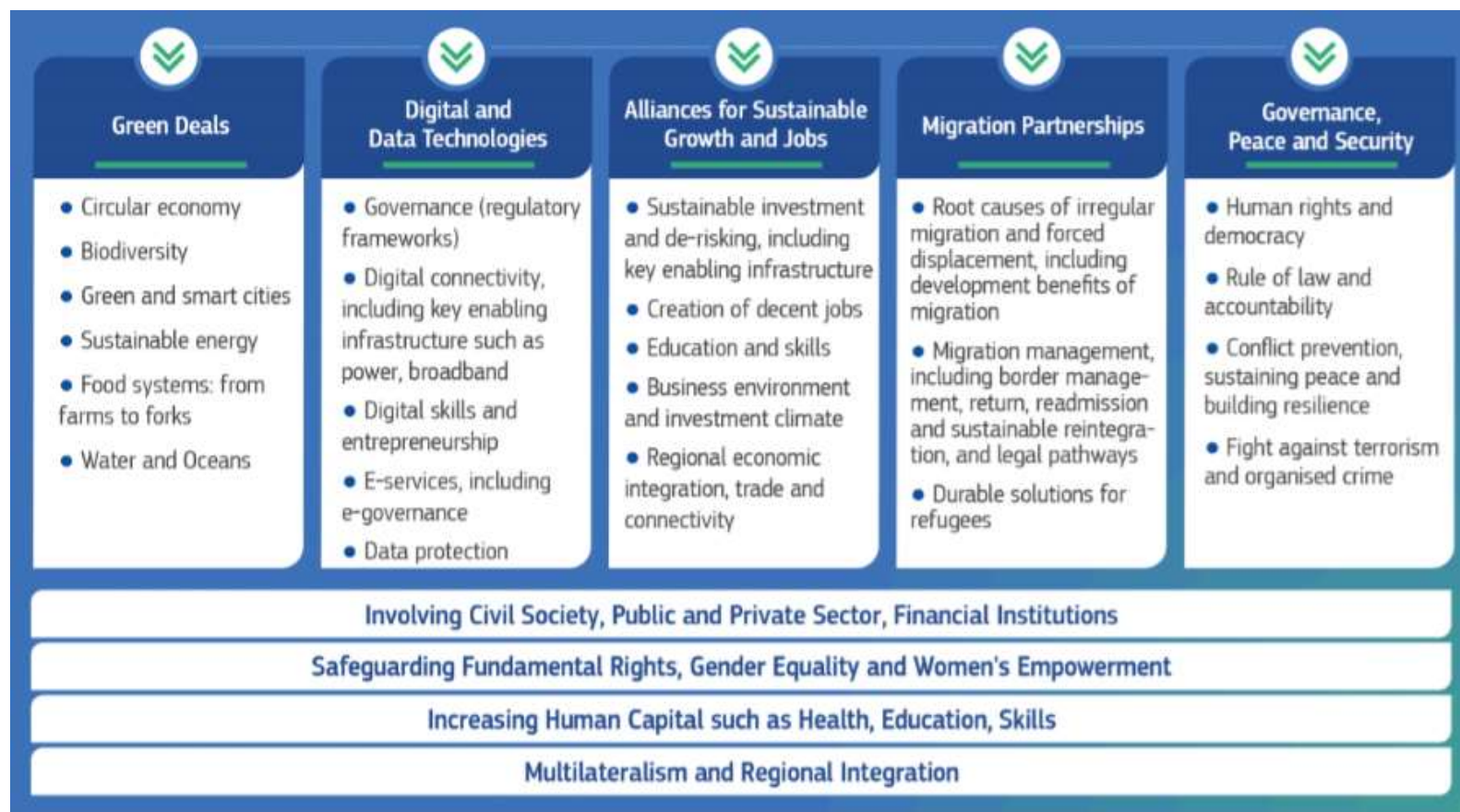
Asia & Pacific, Americas & Caribbean, HRD, CSOs, Stability and Peace, Global Challenges: adjusted keeping the proportions of the initial COM proposal





European  
Commission

# Las prioridades de las asociaciones internacionales de la UE





# Mobilizing private sector funds

- *Funding Gap to reach SDGs*
  - **USD 2.5 trillion/year (2014 UNCTAD)**
- *Addis Ababa Action Agenda 2015*
  
- *Need to leverage private sector funds.*
- *More financing tools for development (blending, guarantees)*
- *' Billions to trillions '*

# 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)*

# Current investment architecture

- **Blending** – 7 regional Investment platforms in DEVCO and NEAR regions. Funds are programmed.
- **Guarantees:** non-programmed instruments for private and public sector guarantees.
  - **External Lending Mandate (ELM):** guarantees for EUR 32.3 bn sovereign loans with political risk coverage implemented by the EIB (Neighbourhood and non-ACP countries)
  - **Macro-financial assistance** and **Euratom** loans
  - **European Fund for Sustainable Development (EFSD) Guarantee** for EUR 1.5 bn for high risk private sector projects (SSA and Neighbourhood) – part of the External investment Plan.

*ACP Investment Facility: EIB-managed revolving fund of around EUR 3.7 bl for private sector development.*

# Current investment architecture

## ➤ *Lack of coherence in:*

### ➤ **Funding modalities:**

- Blending is programmed
- Guarantees are not programmed

### ➤ **Governance:**

- Blending follows comitology
- ELM: Article 19 and EIB Board
- EFSD: Strategic Board and Regional Operational Boards
- ACP IF: ACP IF committee and EIB Board

# Current investment architecture – geographical coverage

- Sovereign guarantees of the External Lending Mandate (ELM) are mostly in Neighborhood, Latin America and Asia
- Private sector guarantees of the EFSD in Neighborhood and Sub-Saharan Africa (SSA).
- ACP Investment Facility for private sector development in Sub-Saharan Africa, Caribbean and Pacific.

	ACP IF	EFSD	ELM	Blending
SSA	✓	✓		✓
Neighborhood		✓	✓	✓
Latin America and Asia			✓	✓
Caribbean and Pacific	✓			✓

# New investment architecture for development

- Expansion and unification of prior investment architecture with the establishment of a EFSD+ and an External Action Guarantee for a **value of up to EUR 60 bn**:
- **Worldwide coverage**, but with focused on countries most in need (Least developed countries (**LDCs**)/fragile countries)
- Full spectrum - **Private-sector financing** (currently EFSD, ACP IF also ELM) and **sovereign lending operations** (ELM)
- Single **unified governance** for all funding modalities (strategic Board and regional operational Board)

## NDICI Committee

Composition: MS representatives

Role: Approves MIPs and financing decisions/action plans (COM adopts)

## Strategic Board

Composition: COM, EEAS, MS Representatives, EIB. EP is observer

Role: Advice and monitor strategic orientation of EAG under EFSD+ including setting overall investment goals.

Ensures alignment with EU principles and objectives

## Regional Operational Boards

Composition: MS representatives and COM

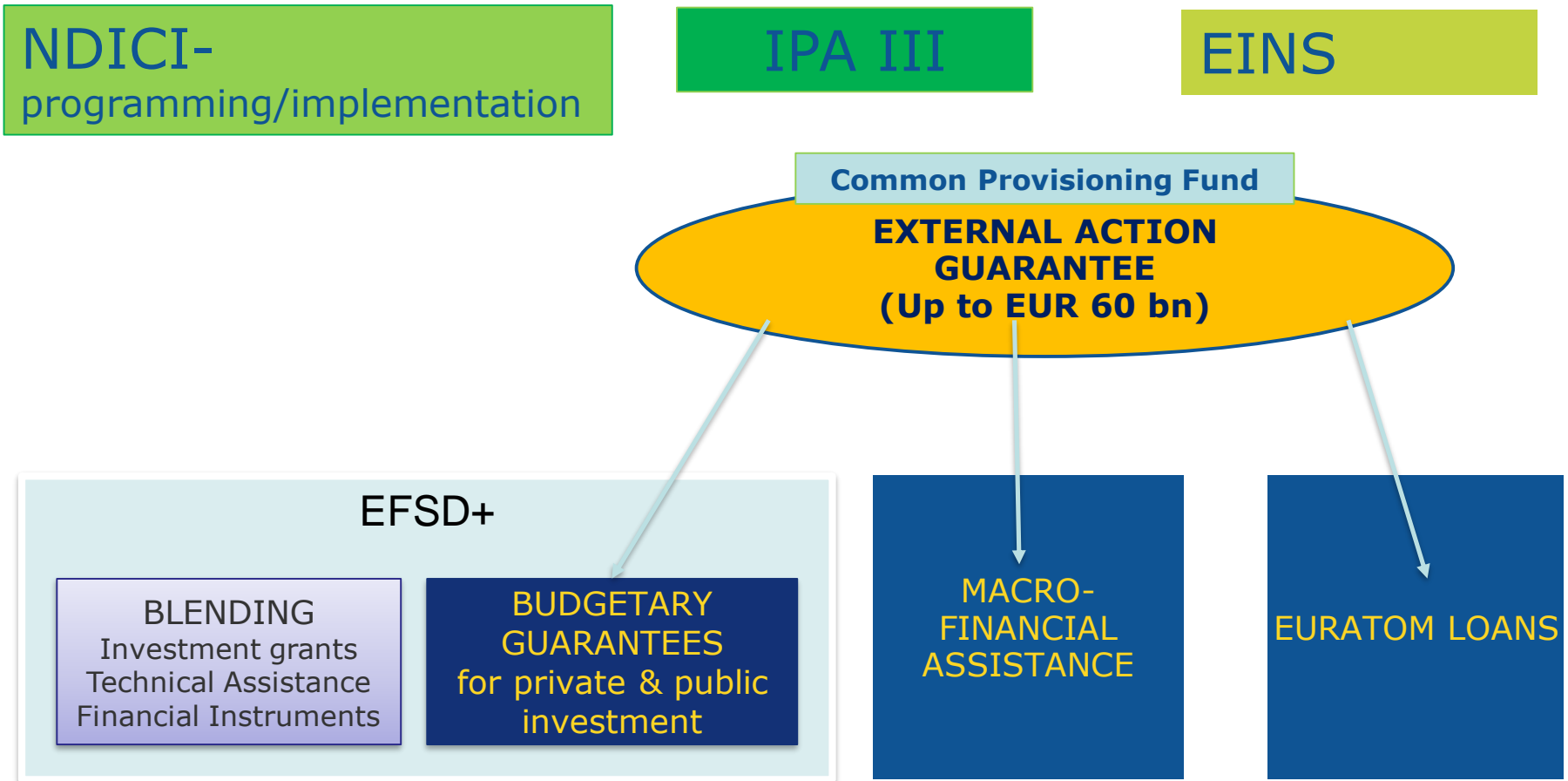
Role: support at implementation level on regional investment goals, investment windows. Formulate opinion on blending and EAG operations.



# New investment architecture for development

- A **comprehensive and simplified approach** by integrating the legal basis (EFSD Regulation, the ELM Decision) & guarantees (ELM Guarantee, EFSD Guarantee, etc).
- All Guarantee Funds are merged into the Common Provisioning Fund (guarantee fund for external action, EFSD Guarantee Fund).
- A **strategic and coherent approach**:
  - the use of investment, including ex-ELM operations, are **programmable** to ensure alignment with the EU policies/strategies (“policy first”).
  - ensures coherence with other implementing tools.

# The new investment architecture



# Technical assistance & investment climate

- Blending and budgetary guarantees under the EFSD+ are accompanied by **technical assistance** and linked **to investment climate improvement actions**.
- Mobilised through national and regional indicative programmes.
- **Examples include:**
  - investment climate analysis,
  - strengthening structured public-private dialogue mechanisms,
  - supporting governments to implement a conducive policy mix and regulatory reforms,
  - building the capacities of private actors.