

# The EU's External Investment Plan: first projects in Africa and the Neighbourhood

Yesterday's decision is a major milestone towards delivering investments in Africa and the Neighbourhood through the EU's External Investment Plan (EIP), which is expected to leverage €44 billion of investments through an EU contribution worth €4.1 billion. The EIP aims to promote inclusive growth, job creation and sustainable development and in this way to tackle some of the root causes of irregular migration.

One of the new programmes for example will benefit people who currently have difficulty borrowing money at affordable rates, such as internally displaced people, refugees or returnees. Another programme will enable over 25,000 small businesses to access mobile accounts and long-term credit, in order to support the financial inclusion driven by diasporas, migrants' families and returnees.

High Representative/Vice-President Federica **Mogherini** said: *"The EU's External Investment Plan has already started to bring real benefits to the people in our partner countries. These guarantee programmes for sustainable investment give now access to affordable loans to people who have been forced to flee their country and those who have recently returned home to rebuild their lives: to start small businesses or to have access to new technologies. This plan is about building a new present for many people and for their countries, it is about changing lives, now and for good."*

Commissioner for International Cooperation and Development Neven **Mimica** added: *"We are on the right track towards achieving our commitment under the External Investment Plan: Since its launch last September, we have mobilised €800 million in guarantees and €1.6 billion in blending, which will overall translate into over €22 billion public and private investments. This will support much needed investment in sustainable development and decent job creation particularly in Africa."*

Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes **Hahn** said: *"We want to see the new EU guarantees that we have announced yesterday translate into concrete, innovative and sustainable projects on the ground, making a real change for the people. More prosperity in the EU's immediate neighbourhood is not only good for our European economies and businesses. It is a long-term investment in the stability and security of our partners in the neighbourhood and for Europe"*

The External Investment Plan's financial pillar consists of two parts:

- **Guarantee Fund** (for a total of €1.5 billion by 2020): On 10 July, the EU allocated **€800 million** from the Guarantee of the European Fund for Sustainable Development. This is expected to **leverage €8-9 billion** of

public and private investments. The guarantees will cover operations in several areas: financing for small businesses, including ones involved in agriculture; sustainable cities; sustainable energy and connectivity; and access to the internet and digital services.

- **Blending Facilities** (for a total of €2.6 billion by 2020): Since 2017, the EU has made available a total of **€1.6 billion** for interventions mixing EU grants with loans (so-called blending). This will help to **leverage up to €14.6 billion in investments**. These programmes will cover areas such as transport, energy, environment, agriculture, urban development sectors and also improve access to finance for local micro, small and medium enterprises.

The EIP is also open for contributions from other donors, including EU Member States, third countries as well as private philanthropic actors. Discussions with such potential donors have proved the innovative, attractive and ambitious approach of the EIP. In this vein, the EU also welcomed the first major contribution from the Bill & Melinda Gates Foundation, of around **€53 million** (\$62 million). This will attract further investment to incentivise research and innovation in e-health in less developed and fragile environments.

The decision of 10 July was taken by the Strategic Board of the European Fund for Sustainable Development. The Board comprises representatives of EU Member States, the European Parliament (as observer), the European Commission (who chairs the meeting), the European External Action Service and the European Investment Bank. Partner countries and regional stakeholders can also join as observers.

## Background

European Commission President Jean-Claude Juncker first [proposed the EU External Investment Plan in 2016](#), and it was [formally launched in 2017](#). It builds on the successful experience of the “Juncker Plan”, which already triggered hundreds of billions of investments within Europe. Adapted to the specificities of the EU’s partner countries in Africa and the EU Neighbourhood, it aims to promote inclusive growth, job creation and sustainable development, and in this way tackle some of the root causes of irregular migration.

The plan consists of three pillars: The **financial pillar**, with its European Fund for Sustainable Development worth €4.1 billion; **technical assistance** to help beneficiaries to develop financially attractive and viable projects; as well as **policy dialogue**, to help improve the investment climate and business environment in our partner countries.

The agreement on first guarantee programmes concerns the EIP’s financial pillar, and paves the way for signing the first contracts for guarantee agreements with eligible partner financial institutions already in the second half of 2018. These institutions will then use EU guarantees to finance new development projects and attract additional private investments.

The guarantees lower some specific risks of investing in projects in the EU’s

partner countries in Africa and in the EU's Neighbourhood. This will help to bring private investment in areas where public development assistance on its own would not have been sufficient to get projects off the ground, as well as where investments would not have taken place otherwise, or where they would not have done so at the same scale – what is known as additionality.

### **For More Information**

[Questions & Answers MEMO about the EU External Investment Plan](#)

[Detailed information on the twelve guarantee tools for investment products approved yesterday](#)

[EIP/EFSD Operational Report 2017](#)

External Investment Plan [webpage](#) and [One-stop-shop](#)