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Directors-General



EUROPEAN EXTERNAL
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**3RD MEETING OF THE STRATEGIC BOARD
OF THE EXTERNAL INVESTMENT PLAN –
EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT**

25 January 2019 - 09:30-12:00

MINUTES OF THE MEETING

Chairs:

Mr Stefano Manservigi, Director-General, DEVCO,

Mr Christian Danielsson, Director-General, NEAR,

Mr Christian Leffler, Deputy Secretary General, EEAS

Venue: Centre Borschette, Meeting Room AB 0A, Rue Froissart 36, 1040 Brussels

Participants: (Detailed list of participants in Annex I):

- Member States representatives
- EIB
- European Commission and EEAS representatives
- European Parliament and ACP Secretariat as observers

1. Introduction and opening remarks

On 25 January 2019, the third EFSD Strategic Board met in Brussels. The meeting was co-chaired by Mr Stefano Manservigi, DEVCO Director-General, Mr Christian Danielsson, NEAR Director-General, and Mr Christian Leffler, EEAS Deputy Secretary General.

In his opening remarks, DG Manservigi recalled the objectives of the European External Investment Plan (EIP) and the three strands on which efforts were focused on in the last 6 months, following the 2nd EFSD Strategic Board: (i) consolidation of policy framework (linkage of EIP with EU-Africa Alliance and the SDGs), (ii) implementation of the 1st investment windows under pillar 1 of the EIP, (iii) preparation of the future instrument for EU external action, the NDICI, which takes up the EIP as a structural pillar.

Furthermore, he underlined lessons learnt regarding risk management as well as pricing and the role of partner countries in Africa and the Neighbourhood region as well as the EU itself as global actor. The lessons learnt will contribute to the negotiations concerning the next Multiannual Financing Framework.

DG Manservisi also thanked FMO for their strong engagement, resulting in the signature of the first EFSD Guarantee Agreement in December 2018 for “NASIRA” and stressed that contracting of the other guarantee agreements will be accelerated.

DG Danielsson expressed satisfaction with the progress made under the EIP and stressed the challenge to involve the private sector. He recalled the role of the EIP in the neighbourhood, which is to provide financing and to support the transformation process. In this regard, he underlined the importance of policy dialogue and called for a stronger focus on policy in the future.

DSG Leffler recalled the milestones and success achieved so far under the EIP and laid out the challenge to transform ambitions into realities on the ground. He mentioned in particular the need to leverage development through investment, considering also the EU strategy on economic diplomacy. With regard to implementation, he called on close collaboration between EU, local government, MS embassies and DFIs.

After these preliminary remarks, the floor was opened to Members and Observers.

Mr Gomes, ACP Secretary General, welcomed the EIP approach and pointed out the importance of moving forward in the context of the SDGs as well as regarding post-Cotonou.

Seeing the EFSD as complementary to EIB’s operations, Jean-Christophe Laloux, Head of operations of the EIB, stressed the EIB’s progress in terms of lending under the ACP Investment Facility and pointed to the proposals put forward by EIB under the EFSD guarantee (PIPs). While suggesting that progress should be made on clarifying the rules for the selection of PIPs, he expressed overall satisfaction with the progress so far under the EFSD. Furthermore, he underlined the importance of pillars 2 and 3 for the success of the EIP.

After these preliminary remarks, the agenda for the meeting was adopted.

2. State of play of the EFSD and the EFSD guarantee

Following an introduction by DG Danielsson, the Commission gave an overview of implementation progress of the EFSD, both for the guarantee and for blending.

With regard to the EFSD guarantee, the Operational Board gave positive opinion to 28 guarantees, mobilising the entire allocation of EUR 1.54 bn, with an expectation to unlock EUR 17.5 bn in total investments for Sub-Sahara Africa and Neighbourhood countries. With regard to the blending scheme of the EFSD, EUR 2.2 bn for 94 blending operations have been approved, which are expected to unlock about EUR 19.4 billion of investments.

The Netherlands were pleased with the additionality of the PIPs approved to date and made note of challenges ahead linked to implementation and monitoring/evaluation.

Belgium agreed with the comments made by the Netherlands and enquired about the timeline for the evaluation foreseen in the EFSD Regulation as well as the signature of the remaining PIPs. Belgium also called for the diversity of implementation actors to be increased and called for stronger geographical focus on Central Africa.

The United Kingdom echoed the Netherlands concerns on future challenges, drawing particular attention to private sector mobilisation.

France reiterated the previous remarks and suggested detailed agenda being shared ahead of the Strategic Board. With regard to the Operational Board, France expressed some dissatisfaction with the level of information of the GTAG's assessment.

Sweden stressed the importance of keeping the objective of decent job creation at the centre at both implementation and monitoring /evaluation stage.

In their responses, the Commission representatives recognised the importance of inclusivity as one of the crucial aspects in the implementation of the EIP. They also highlighted the importance of impact, referring to the example of Central Africa, and agreed with the strong focus on private sector mobilisation, pointing towards the importance of pillar 2 and especially pillar 3 to create an enabling environment. The Commission was fully in line with regard to the priority of decent job creation, which would also be addressed by means of clear targets in the guarantee agreements. With regard to the evaluation, the Commission ensured that obligations set out under the EFSD regulation would be met. The planning foresees a progress report by end of 2019, followed by a fully-fledged evaluation. Regarding GTAG, a summary of the risk assessment had been shared and the Commission would continue to share GTAG's consolidated risk assessments.

3. Strategic initiatives and synergies with EIP

DG Manservisi highlighted the links and synergies between the EU-Africa Alliance and the EIP, noting the potential role of the private sector post-Cotonou and referring to the sectoral task forces as a means to involve the private sector and the Commission as a whole. He called upon MS to act as mediators in this regard.

DG Danielsson focused on synergies with the European Neighbourhood Policy and relevant initiatives, including Association Agreements, Deep and Comprehensive Free Trade Agreements (DCFTA), specific regional and country programmes, which enable private sector development, including DCFTA facilities. He called for strong collaboration between the EU and its Member States, also including other development actors such as the OECD, to enhance the visibility of European interventions.

Pointing to the EU Economic Diplomacy Strategy, international commitments such as the Valletta process, the Global Compact for migration and the Paris agreement on Climate, DSG Leffler stressed that going forward, greater coherence and further complementarity between the different policies and activities are needed under the proposed NDICI, including efficient division of labour better EU and IFIs, hence the need for programming of all tools at our disposal.

Denmark congratulated the Commission on the progress and achievements so far under the EIP and by making note to their current work in Africa, offered to share their experience and expertise.

Netherlands invited the Commission to build on the experience of existing instruments/initiatives and to join forces with Member States.

Italy echoed previous interventions and highlighted the importance of the evaluation for the way forward as well as close cooperation between EU delegations and embassies of Member States.

The Commission underlined the inclusiveness to be achieved and proposed an informal working session with Member States could be considered to exchange

experiences/lessons learnt, also in preparation for the next MFF, and that Member States could be associated to the training sessions/seminars which the Commission is organising with EU delegations. Commission is ready to share information in this regard.

4. Strategic orientation of the EFSD guarantee and its implementation

To pay testimony of how the strategic orientations of the EFSD guarantee are being implemented, the Commission welcomed the representative from FMO, with whom the first guarantee agreement was signed in December 2018 (NASIRA).

FMO praised the innovative nature of EFSD and made special note of NASIRA's tackling of access to finance for women, migrants and young entrepreneurs. Addressing concerns raised by Member States, FMO stressed the strong provisions on monitoring and impact assessment included in the NASIRA Agreement.

The Commission presented the key features of the NASIRA guarantee agreement, including with regard to eligibility criteria and target beneficiaries, the risk mitigation mechanism, the result measurement framework, governance, provisions for reporting monitoring and visibility and safeguard policies and undertakings.

Finland welcomed the additional information on NASIRA and noted the importance for EFSD to focus more prominently on climate change, in particular on land degradation and deforestation challenges in Africa.

The EIB pointed to the complementarities of NASIRA with existing EIB programmes, incl. resilience initiative and placed emphasis on the need to develop a consistent and comprehensive methodology on subsidised pricing.

Spain called for further consultation and cooperation on the ground with EU Delegations and Member State Embassies, as well as for additional auditory control.

France reiterated the previous remark on associating Member States and their local embassies at implementation/monitoring stage.

Sweden supported the EIB's intervention on subsidised pricing and placed importance on reaching the riskier and more difficult countries as well as market segments, in particular LDCs, fragile and conflict affected countries.

Supporting the EIB's intervention on subsidised pricing, Belgium in addition stressed the importance of ensuring additionality and avoiding market distortions.

The Commission reassured that pricing discounting reflects policy priority on difficult countries/market segments/target groups defined in the EFSD Regulation, which are operationalised by the EFSD risk policy framework and specific GTAG advice. The Commission explained in more detail EU requirements regarding non-cooperative jurisdictions and anti-money laundering and recalled the importance of inclusiveness of the EFSD and its ambition to involve new (pillar assessed) eligible counterparts.

5. Exchange on Investment Climate and agree on steps forward

Considering that financial risk-sharing is not alone sufficient to crowd-in sustainable investment and to address the perceived risks in partner countries, the Commission is setting out a process with view to improve the investment climate and hence the countries' attractiveness to investors, as part of implementing Pillar 3 of the EIP.

The Commission emphasised the importance of establishing linkages between investment mobilisation through the EFSD guarantee, technical assistance and

investment climate improvements. An overview of investment climate drivers and of the key building blocks of Pillar 3 (investment climate analysis, structured public-private dialogue mechanisms such as SB4A, and engaging with governments and private sector for action) was presented. The key role of EU Delegations in this process was highlighted. The Commission also highlighted ongoing activities technical assistance and budget support within Pillar 3. It was proposed to build a joined-up approach with EU Member States on Pillar 3 in order to maximise EU impact at country level, and to ensure linkages with developments on the EFSD Guarantees at country level.

Furthermore, the Commission presented the Structural Reform Facility, a dedicated facility in the Eastern Neighbourhood, and a set of initiatives in the South contributing to the implementation of Pillar 3 of the EIP.

To operationalise the joined-up approach, DG Manservisi invited Member States to reflect on the elements of investment climate on which they are focusing and could share best practices, in the countries where EIP outreach events are scheduled in the coming months (Sub-Saharan Africa: Cameroon, Cote d'Ivoire, Burkina Faso, Angola, Ethiopia, Kenya/Somalia, Zambia; Neighbourhood: Tunisia, Morocco, Egypt, Jordan, Lebanon, Ukraine, Georgia).

Working sessions with Member States will be organised in these outreach events. A document on Pillar 3 of the EIP will be circulated in the coming weeks to Member States in order to promote a common narrative.

On 22 March, a Member States' Expert Group meeting on Private Sector Development will be convened. This will be an adequate forum to discuss the cooperation perspective towards a joined-up approach with Member States on Pillar 3, building on the document on Pillar 3 and the outreach events. The Commission will report on the first outcomes of this process during the next Strategic Board in July.

6. Update on communication activities

DG Manservisi and DSG Leffler drew attention to the upcoming roadshow and called for enhanced communication efforts in both partner countries and also further communication within Member States. The Commission expressed its readiness to support Member States in events they are organising and which could be related to the EIP.

The Commission elaborated in more detail the communication activities which have been carried out so far and which are planned for the coming months, encompassing web presence, content and events.

7. AOB

The next Strategic Board meeting is currently scheduled for June / July 2019.

[e-signed]

Stefano MANSERVISI

[e-signed]

Christian DANIELSSON

[e-signed]

Christian LEFFLER