



EUROPEAN COMMISSION
Directorate-General for International
Cooperation and Development
Directorate General for European
Neighbourhood Policy and Enlargement
Negotiations

Directors General



EUROPEAN EXTERNAL
ACTION SERVICE

Deputy Secretary General

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**1ST MEETING OF THE STRATEGIC BOARD OF THE EXTERNAL
INVESTMENT PLAN – EUROPEAN FUND FOR SUSTAINABLE
DEVELOPMENT
28th SEPTEMBER 2017 - 14:30-18:00**

MINUTES OF THE MEETING

Chair: The meeting was co-chaired by Mr Stefano Manservigi, Director General for International Cooperation and Development, Mr Christian Danielsson, Director General for Neighbourhood Policy and Enlargement Negotiations, Mr Christian Leffler, Deputy Secretary General of the European External Action Service.

Special interventions by: Johannes Hahn, Commissioner for the European Neighbourhood Policy and Enlargement Negotiations, Väino Reinart, Undersecretary for Economic and Development Affairs, Ministry of Foreign Affairs of Estonia, representing the Estonian Presidency, Linda McAvan, member of the European Parliament (EP) and Chair of the Committee on Development, Jean Christopher Laloux, Director General of the European Investment Bank (EIB) and Head of Operations, Marjeta Jager, Deputy Director-General for International Cooperation and Development, Katherina Mathernova, Deputy Director-General for Neighbourhood Policy and Enlargement Negotiations and Marc Giacomini, Director of Global Issues of the European External Action Service.

Introduction and facilitation by: Roberto Ridolfi, Director of Planet and Prosperity and EIP Secretariat Coordinator.

Venue: Centre Borschette, Room OA, Rue Froissart 36, 1040 Bruxelles

Participants (detailed list of participants in *Annex I*):

- Representatives from Member States, European Parliament, European Commission, European External Action Service and the European Investment Bank.

I. Welcome

Roberto Ridolfi opened the 1st meeting of the Strategic Board of the External Investment Plan (EIP) and the European Fund for Sustainable Development (EFSD) and welcomed the attendants. Johannes Hahn, Commissioner for the European Neighbourhood Policy and Enlargement Negotiations provided the assembly with his remarks.

Commissioner Hahn stated that the 1st Meeting of the Strategic Board represented a watershed moment for EU external action. He stated that the plan will help unlock investment potential and that the mobilisation of financing from the private sector will aim at creating a belt of stability and prosperity at the EU doorstep. He highlighted that the EIP's role will contribute to alleviating the root causes of migration. He recalled the close collaboration with Commissioner Mimica in preparing the EIP.

Väino Reinart, Undersecretary for Economic and Development Affairs, Ministry of Foreign Affairs of Estonia, representing the Estonian Presidency, expressed his congratulations for the work done and stated that the Estonian Presidency is looking forward to working to make the EIP a success as a sign of how the EU can deliver on the Sustainable Development Goals (SDGs).

Linda McAvan, member of the European Parliament (EP) and Chair of the Committee on Development recalled how this piece of legislation is the first in EP history to have three rapporteurs and thanked all those involved in the preparation of the Regulation, as well as all others for the efforts that lead to this moment. She highlighted how the EIP has the potential to impact the lives of many people and thus stressed the importance of the need for coordinated efforts.

II. Introduction and Strategic Orientations

The three co-chairs, Stefano Manservigi, Director General for International Cooperation and Development (DG DEVCO), Christian Danielsson, Director General for Neighbourhood Policy and Enlargement Negotiations (DG NEAR), and Christian Leffler, Deputy Secretary General of the European External Action Service (EEAS) presented the strategic orientations for the EIP.

Stefano Manservigi, Director General of DG DEVCO, welcomed the participants to the meeting and explained how the EIP is a tool embedded in the EU's overall foreign policy as part of the dialogue and cooperation with partner countries. He stated that the EIP is part of the EU's efforts to implement the Paris Agreement on Climate Change and that it will take advantage of synergies with other initiatives such as the G20 Investment Compacts with Africa and that the implementation of the EIP marks the beginning of a new era.

Christian Danielsson, Director General of DG NEAR, stated that the EIP is part of the EU's commitments to the stabilisation of our immediate neighbourhood and highlighted how the EIP fits within the EU's commitment to the 2030 Agenda and the SDGs. He welcomed the EIP as part of the plan to catalyse private sector participation, but added that the EIP is not only about access to finance, but rather about the greater business context, including regulatory frameworks and the rule of law.

Christian Leffler, Deputy Secretary General of EEAS, highlighted the link of the EIP to the discussions on how to address the root causes of migration. He added that the EIP is an attempt of the EU to address the demographic realities of its neighbours and partner countries and will be an important part of the implementation of the EU Global Strategy. Leffler stated that the EIP must focus on additionality and needs to intervene in fragile areas. He also called on Member States (MS) to come forward with additional contributions.

Additional remarks by the European Investment Bank

Jean Christopher Laloux, Director General of the European Investment Bank (EIB) and Head of Operations thanked the Commission and all participants for their work and contribution. He expressed his institution's commitment to provide the Commission and MS with the banking technical knowhow when providing opinions on the investment windows, based on EIB experience and to ensure complementarity and coherence with existing EU instruments. He highlighted that the EIB will dedicate resources to the EFSD by hosting and heading the Guarantee Technical Assessment Group (G-TAG), reflecting its strong commitment to the success of the EIP. EIB further underlined the importance of the integrated approach, policy alignment, additionality, transparency and an effective development results measurement system

III. EFSD legal framework: main features and innovations and Rules of Procedure

Marjeta Jager, Deputy Director-General of DG DEVCO, and Katherina Mathernova, Deputy Director-General of DG NEAR, presented the EFSD Regulation and the proposed Rules of Procedure for the Strategic Board.

EFSD main features and innovations:

In the presentation on the EFSD Regulation, Marjeta Jager, Deputy Director-General of DG DEVCO, referred to the creation of the Strategic Board, the innovative 'one-stop-shop approach' and the regulation's framework to create a consolidated financial tool. She added that with the EIP, partner Financial Institutions will have the possibility of using a toolbox, composed of both "classical blending" and the new guarantee.

Katherina Mathernova, Deputy Director-General of DG NEAR, added that the guarantees will be irrevocable, unconditional and provided on first demand to the eligible

counterparts. Within the context of strict eligibility criteria, this will enable the EIP to offer the strongest possible guarantee to achieve maximum leverage. She added that the approach of defining specific areas of investment called "Investment windows" will allow for right balance between policy steering and the necessary flexibility for the financial institutions to successfully operate.

An important innovation is the possibility for private law based companies from the EU and partner countries to become lead implementing institutions, so long as they go through the EU internal assessment system (the so called "Pillar assessment") required by the current Financial Regulation. She concluded the presentation by highlighting the details of the guarantee: its contingent liability, the sources of funding and the possibility reserved to Member States to contribute to the EFSD Guarantee with a second loss guarantee instead of cash.

Rules of Procedures:

In the presentation on the Rules of Procedures, Marjeta Jager, Deputy Director-General of DG DEVCO underlined the role of the Strategic Board, which includes advising the Commission on strategic orientations and priorities on the overall investment goals. The Strategic Board also supports overall coordination, complementarity and coherence between the two regional investment platforms (for Africa and the Neighbourhood) and the three pillars of the EIP, as well as with the European Union's other efforts on migration, the implementation of the 2030 Agenda, the relevant external financing instruments and trust funds of the Union and the relevant EIB operations.

She continued by explaining the voting procedures: the Strategic Board will in general adopt opinions by consensus, and if a consensus cannot be reached, the voting rules of the relevant committees (European Development Fund (EDF) /European Neighbourhood Instrument (ENI)) apply. She added that the Strategic Board will obey the basic principles of an advisory body.

IV. External Policy Orientations and Proposed Areas for Investment Windows

Marc Giacomini, Director of Global Issues of the EEAS, presented the policy framework and the strategic orientations for the EFSD guarantee. The three overarching objectives are: increasing international cooperation, building resilient societies and creating more and better jobs, especially for young people and girls. He underlined that EU-Africa guiding principles for investment will be agreed in Abidjan. In relation to the Countries of the Neighbourhood in particular, the External Investment Plan was seen as an important tool for stabilisation through building resilience in a differentiated approach to partner countries. However, the priorities identified for blending operations in the NIF and AfIF remain unchanged.

Roberto Ridolfi, delivered a presentation on the proposed areas for the Investment Windows. The five proposed areas of investment for the windows were:

1. "Sustainable Energy and Sustainable Connectivity"
2. "MSME Financing"
3. "Sustainable agriculture, rural entrepreneurs and agroindustry"
4. "Sustainable cities"
5. "Digitalisation for Sustainable Development"

Responding to the questions of Members it was clarified that additional details on quantification of risk tolerance, expected impact, investment mobilised, etc., will be defined when the EFSD guarantee risk framework will be decided, at the level of the overall guarantee, rather than for individual windows. These details will be defined in close cooperation with the EIB before submission to the Operational Board.

V Comments, questions and points for clarification

The Strategic Board unanimously supported all five proposed areas for the Investment Windows. Several Member States thanked the Commission for the work done in preparing the documentation for the windows and their presentation at the Strategic Board. Some Member States recalled the lead of European eligible counterparts should be privileged in the implementation of the Investment Windows and that the EFSD guarantee should also apply directly to loans from eligible counterparts in some specific cases.

Several Member States demanded further clarification on the Rules of Procedures, specifically on the process on how a new entity can be made observer to the Strategic Board and the rules around the process. Certain Member States also proposed some amendments on the Rules of Procedures. The Member States also sought clarity on how many representatives from each Member of the Strategic Board could take the floor.

In response to the questions around the Rules of Procedures and the amendments proposed, the Commission invited Members of the Strategic Board to submit written comments to the EIP Secretariat within ten calendar days. In addition, the Commission agreed to organise a facilitation technical meeting. This technical meeting will allow further exchange and clarifications on the draft Rules of Procedure. Subsequently, a written procedure would be launched for the formal adoption of the Rules of Procedures.

The Members agreed to the conclusions of the Chair.

[e-signed]
Stefano Manservigi

[e-signed]
Christian Danielsson

[e-signed]
Christian Leffler