



Sharing risk, maximizing impact

“Imperatives for SDG Financing:
prospects of sharing risk with the EU.”

The Regional Policy Dialogue: Mobilizing Finance for Sustainable Consumption
and Production and SDG 12 - Bangkok, 17 March 2022 (virtual)



Paulus Geraedts, European Commission

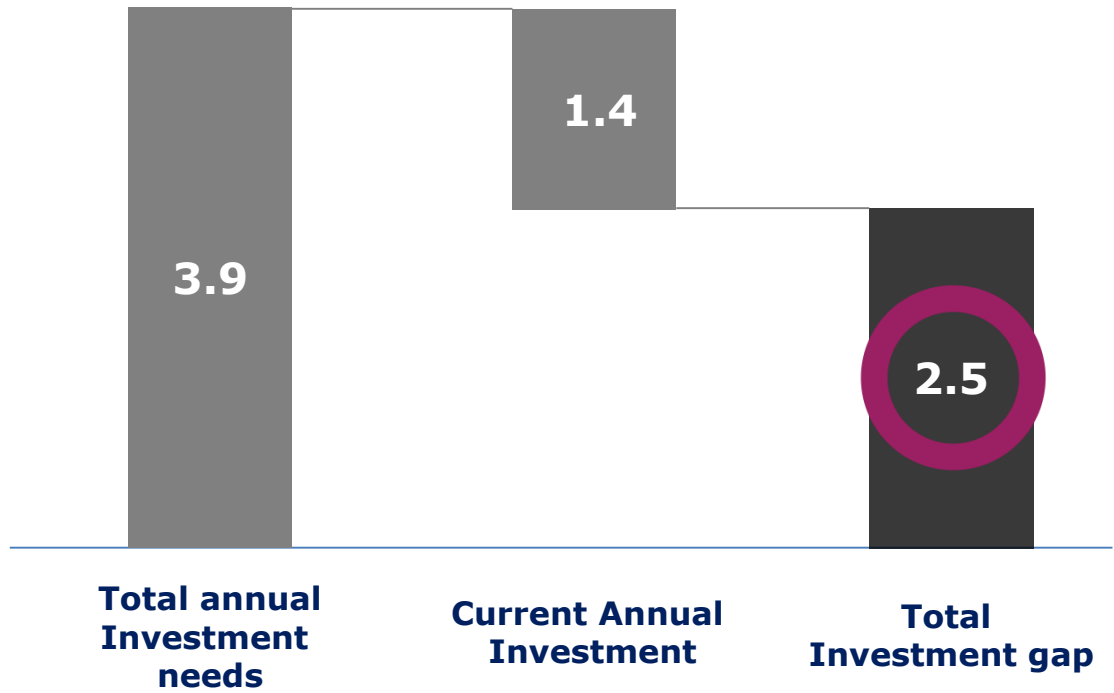
Why we act – The investment gap to reach the SDGs



Estimated global investment gap in key SDG sectors, 2015-30 Trillions of USD, annual average



On September 25th 2015, countries adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years.



Source: SDG Financing for Africa (2017)

Donors cannot fill this gap: partner with the private sector!

Mobilise investment - Addis FFD 2015

“From billions to trillions”

- *the challenge is to direct a larger share to developing countries:*
- *replicate and scale-up EFSD guarantees under EFSD+*



The EFSD+ guarantee

EUR 13 billion at
global level in
Open Access
Guarantees

Guarantees
provided to Partner
Development
Finance Institutions
(DFIs)

DFIs use this
guarantee to
mobilise their own
funds and funds
from other major
private and public
investors

EFSD and EFSD+ in partnership with financial institutions. so far engaging in guarantees:



Creating investment cases in frontier markets

Possible EFSD+ Investment Windows (to be confirmed)

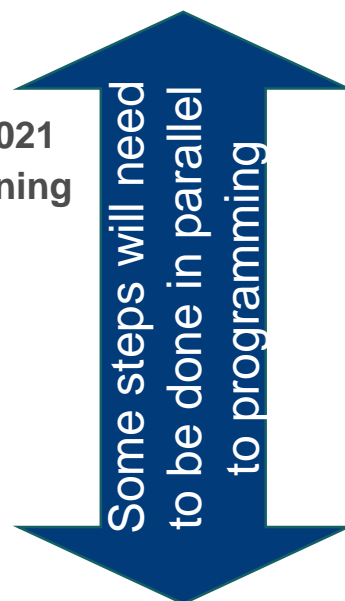


Based on EFSD, Commission priorities and ongoing analysis of TEIs, the following could be expected:

1. Connectivity – Sustainable Energy, Transport, Digital
2. Micro, Small and Medium Enterprises (MSMEs) Financing
3. Agriculture, Biodiversity, Forestry, and Water
4. Sustainable Cities
5. Human Development
6. Sustainable Finance

Steps:

- ✓ Adoption of NDICI – 9 June 2021
 - ✓ Establishing of EFSD+ governing bodies
 - ✓ Completion of programming
1. Establishment of Windows
 2. Calls for open architecture
 3. Negotiation of guarantee and contribution agreements



Guarantee is priced: avoid market distortion and crowding-out of private capital!

A highly flexible guarantee product

- First-/ second-/ third- loss guarantees
- Credit enhancement
- Junior equity
- Securitisation
- Specific risk cover (PPAs, construction phase, etc.)



SDG 12: “Ensure sustainable consumption and production patterns”

EU is ready to share risk in order to foster innovative financing solutions

These mobilize private capital and provide financing mechanisms to:

- farmers, fishermen and agri-entrepreneurs, particularly for smallholders, cooperatives and agricultural MSMEs.
- small- and medium-scale forest producers, notably women and young farmers applying productive ecosystem-based forest management,

with the aim to **foster a transformative shift** towards a circular and competitive low-carbon and climate-resilient development in the agri-food, fisheries, and forestry value chains.

Private investments can also contribute positively to:

- biodiversity through reducing the drivers of biodiversity loss (provision of alternative livelihoods) or diversifying revenue flows for conservation finance.
- Protecting and sustainably managing water resources and diverting and re-orienting finance away from harmful and unsustainable activities to establish a sustainable blue economy.
- Improve universal and equitable access to safe and affordable water, sanitation and hygiene.

Signed Guarantees

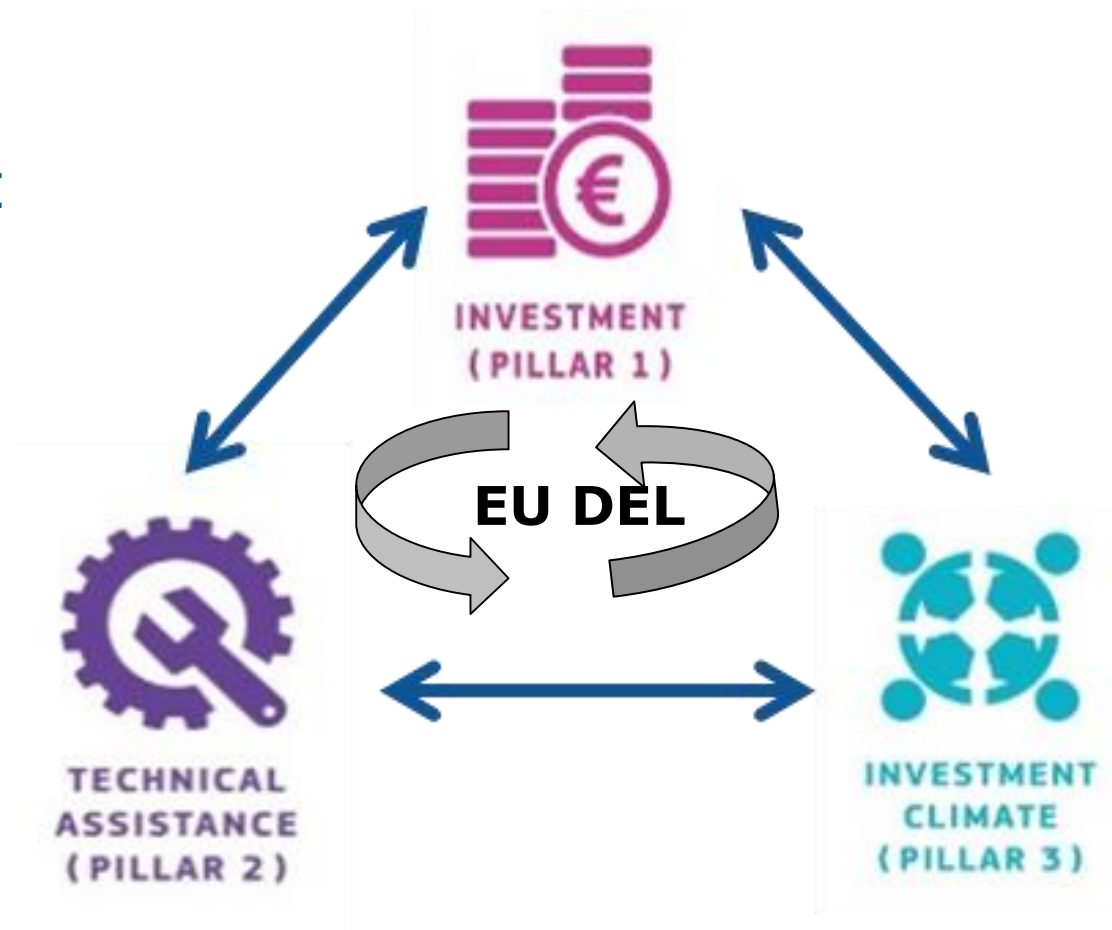
<i>Name</i>	<i>Partner FI</i>	<i>Volume (EUR Million)</i>
Nasira	FMO	100
Ventures	FMO	40
Archipelagos	CDP	30
RECIDE	AECID	100
AEGF	KfW	46
Boosting Investments in Renewable Energy	EBRD	50
SME Access to Finance	EIB	100
European Health Platform – including COVAX I	EIB	458
EU Municipal, Infrastructure and Industrial Resilience Programme	EBRD	100
EGRE NS	AFD-CDP	62
Inclusifi	CDP-AECID	60
Agreenfi	AFD & Proparco	160
Local Currency Lending, (with TCX)	KfW	165
Renewable Energy in rural areas in Africa	Cofides	20
Small Loan Guarantee Programme	IFC	58
Total		1549

Key role of Delegations:



Integrating the pillars:

- Moving between watchdog, broker, and implementing agent
 - Coherence with EU policies and safeguards
 - TA (pillar 1 and 3),
 - EU Cooperation/blending
 - Financial institutions visits
 - Portfolio and Pipeline review meetings
- EU political/policy dialogue with government
- Structured dialogue with private sector



Connecting the dots, creating synergies!

How can businesses get involved?

1. Funding and Tender Opportunities

- EU Single Portal
- Enhancing accessibility



2. In the dialogue on investment climate

- Help identifying key constraints to investment - EU Delegations

3. Through partner financial institutions - benefits of EU guarantee passed on to end-borrower

- MSMEs – via local private banks
- Start-ups – via investment funds and VC
- Large Corporates - local private banks, risk-sharing facilities, directly to partner financial institutions



EU External Action (RELEX)



Aid, Development cooperation, Fundamental rights, Trade and Diplomacy

See how the EU provides humanitarian and development aid, conducts foreign policy actions and promotes fundamental rights such as dignity, equality and solidarity in EU neighbourhood and around the world. Find details on aid sectors, regions, specific initiatives, funding and partners.

The EU combines different types of support to third countries, by providing funding in the form of grants to support projects and organisations, furthering their objectives. It also offers public contracts, and provides budget and sector support. Visit the respective websites to find information on all current funding opportunities:

- [Commission's Directorate-General for International Partnerships \(DG INTPA\)](#),
- [Commission's Directorate-General for Neighbourhood and Enlargement Negotiations \(DG NEAR\)](#),
- [Service for Foreign Policy Instruments \(FPI\)](#)

- [Find calls for proposals and tenders](#)
- [How to register your organisation](#)
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Find calls for proposals and tenders related to EU external actions

Thank you



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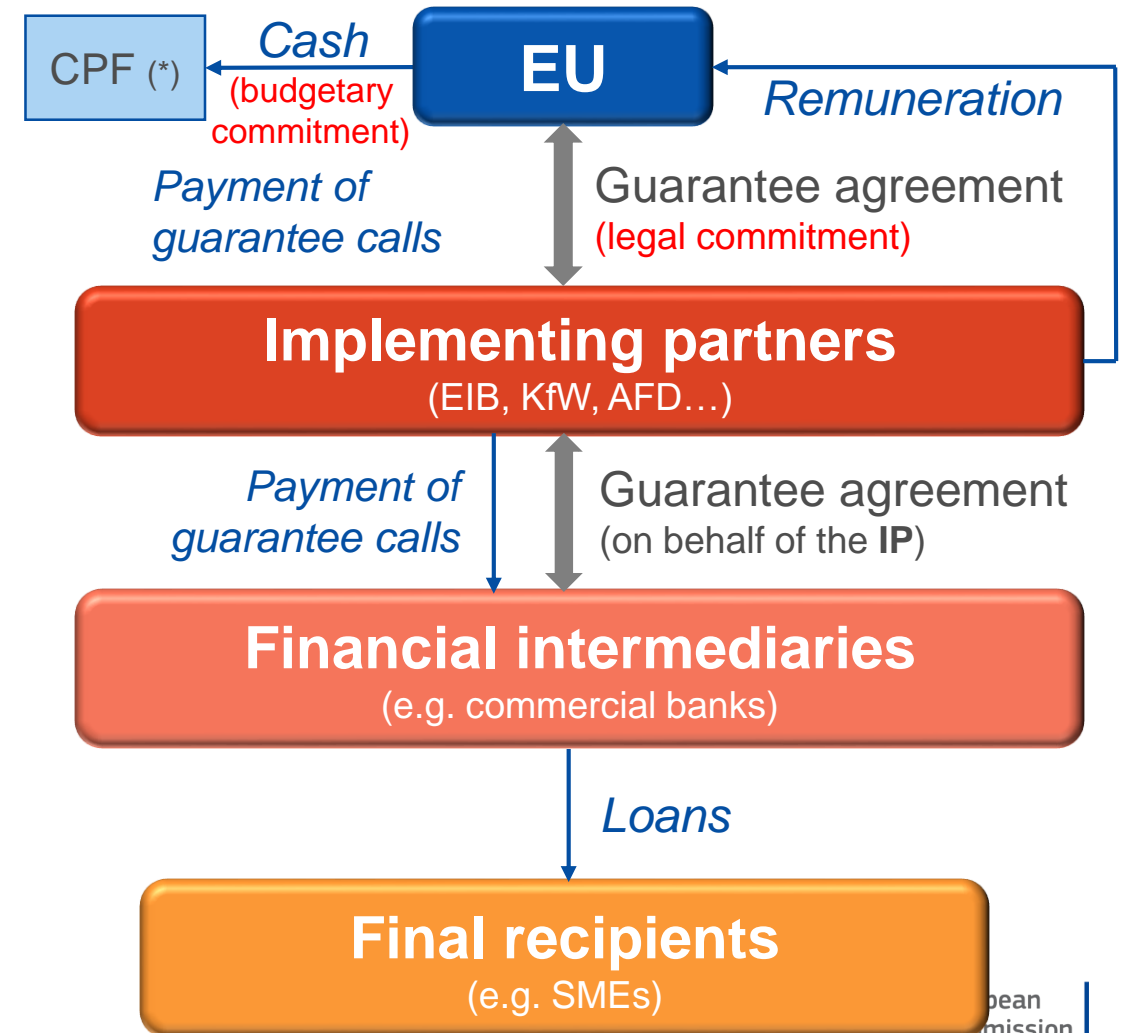
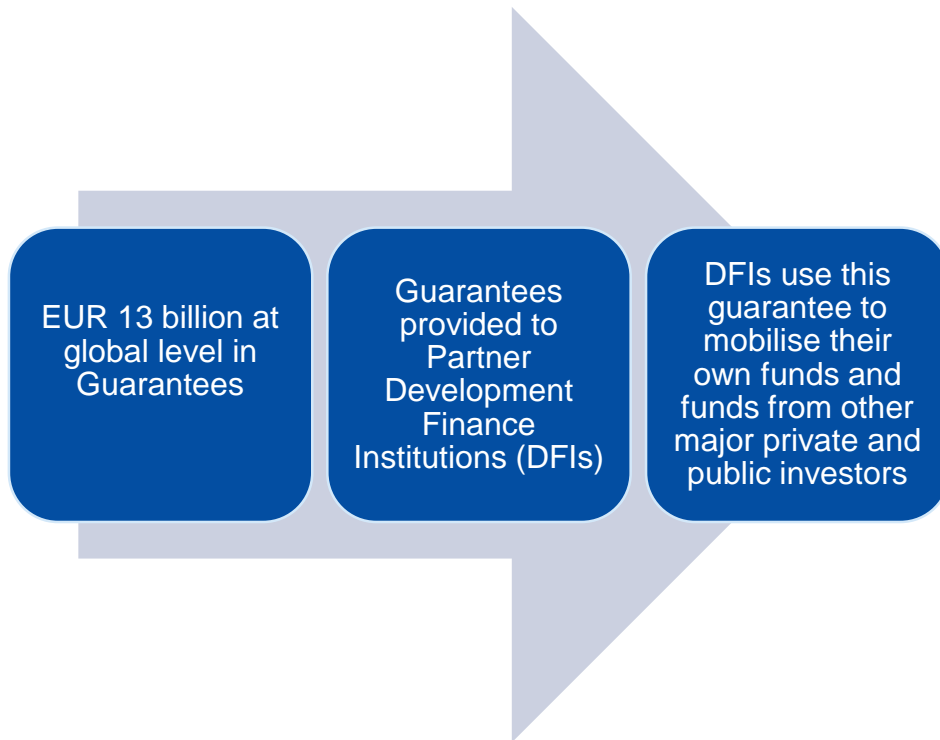
<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/relex>



[European Commission](#)

Example: guarantee on SME loans

Budgetary guarantee



(*) Common provisioning fund (managed by DG BUDG)