



**JOINT STATEMENT
ON THE COORDINATION
OF EUROPEAN DEVELOPMENT
AND FINANCE INSTITUTIONS
ON THE AFRICAN CONTINENT**

16 february 2022 - Paris
#PFUE2022 #TeamEurope

1. The President of the European Commission, Ursula von der Leyen, and the EU High Representative for Foreign Affairs and Security Policy/Vice President, Josep Borrell, announced on December 1, 2021, a new European strategy for the development of infrastructure, called «Global Gateway». It will be implemented worldwide in 6 priority sectors: digital, energy, climate, transport, health, education and research. The Global Gateway strategy, which includes a particular attention to Africa, aims to be the European «positive offer» through sustainable investments based on European principles. The strategy could catalyze up to 300 billion (Bn) EUR of investments, in a Team Europe approach.

2. At the Summit on the Financing of African Economies (May 2021), African leaders highlighted the need to boost infrastructures' development and identified 4 top priorities:

- a) Funding the "infrastructure gap", estimated between 130-170 Bn USD per year. Part of the Special Drawing Rights' allocation could be used to fund this gap,
- b) Policy first: Mobilizing EU's development agencies technical and field expertise to support and nurture policy dialogues, as well as capacity development processes for planning and preparation of key infrastructure projects, with a view to foster sustainable and bankable projects in Africa,
- c) Training professionals on the African Continent to manage large scale infrastructure projects, including public and private partnerships,
- d) Finally, the need for a more coordinated approach amongst development finance institutions was also perceived as a significant leverage on infrastructure projects.

3. To answer these challenges, European Commission, with the new instrument NDICI – Global Europe which will provide an estimated budget of nearly 30 Bn EUR in grants and budget guarantees between 2021 and 2027 for Sub-Saharan Africa with a strong leverage effect through EU development finance institutions, along with the EU Member States, in line with the EU strategies, as the Global Gateway. European actors are mobilized alongside the Commission with the following:

- **The EIB**, the European Union's investment bank, owned by the EU Member States, which delivers public and private sector investments in all regions outside the EU and has recently created a dedicated development branch, **EIB Global**.
- **The EBRD**, a multilateral development bank that specializes in private sector development, is already intervening in North Africa and is considering with its shareholders a limited and incremental expansion into Sub-Saharan Africa.
- **Member States' Development institutions.** According to the Wise Persons Group report of October 2019, Member States' development institutions have many common characteristics: they provide a strong field presence, financial capacity and strong local networks to develop a very close dialogue and relations with local partners. Their added value as bilateral institutions is based on their field knowledge of needs, expertise of in-depth public policy dialogues, knowledge of investment readiness factors and experience in working both with public and private sectors.

Three European networks are already gathering most of these institutions: the Enhanced Partnership with four European Public Development Banks (E-PDBs / AFD (France), KfW (Germany), CDP (Italy), AECID (Spain)) ; the Association EDFI, composed of 15 European Development Finance Institutions (DFIs) that target private sector in developing and emerging economies ; the Practitioner's Network (PN), a network of European Development and Technical Cooperation institutions, composed of 21 members including four associates, and one observer, the European Commission. Joint cooperation can be enhanced between these networks to provide an action on the entire value chain of our European distinctive answer. This can go from policy support on the countries' normative environments to private sector investments in conjunction with these policies, including technical support to local partners. This would pursue the consolidation of a European offer by better articulating and coordinating our whole panoply of instruments, at the service of the final beneficiaries.

4. Mobilizing these European and Member States' Development Institutions in a highly coordinated approach could be a game changer within the EU-AU partnership. As highlighted by the June 2021 Council Conclusions, EU Member States had a strong convergence of views that the preferred way to increase development impact is by enhancing and improving the current institutional set-up. They called upon European development finance actors to work together more effectively and efficiently, including asking EIB Global, and EBRD to **strengthen their cooperation with the European financial institutions in a "Team Europe" approach**, achieving both more impact and more EU visibility. There is a common need to enhance, pull resources together and articulate cooperation within the different networks of European actors, towards the implementation of the Agenda 2030 and achievement of its 17 Sustainable Development Goals as well as the Paris Agreement objectives, in line with the EU values and strategic interests. We shall build on the strengths and complementarities of all European actors to ensure consistency and visibility of EU external financing and its transformational impact. Incentives could also be proposed, as the case may be, to EU Member States planning to create a new national entity (agency, financial institution, etc.) in charge of international cooperation, expertise and development finance, or planning to develop an international activity to their national existing institutions. We are ready to cooperate and support initiatives from a Member State which would like to contribute with its expertise and development finance know-how, or which is planning to develop an international activity of its national existing institutions, and we would be very interested in cooperating.

European Development Institutions are already involved in innovative regional Team Europe Initiatives (TEI) that cover key areas of engagement for the Africa-Europe partnership, from sustainable socio-economic development and job creation (TEI Invest in Young Businesses in Africa, Support to African Continental Free Trade Area), to governance, peace and security, migration and mobility (TEI Central and Atlantic / Western Mediterranean roads / Comprehensive Migration Atlantic Route / Central Mediterranean Route), human development (Manufacturing and Access to Vaccines, Medicines and Health Technologies, Digital for Development for Digital Economy and Society) and green transition (Natur'Africa, Green Energy in Africa, Transboundary Water in Africa, Global Green Bond Initiative). In order to strengthen their contributions and maximize impacts, the signatories decided today to deliver these and other initiatives under the **"Team Europe" banner**, by joining forces, expertise, processes, and by assembling technical and financial capacities as follows, based on several existing initiatives :

- **To finance public counterparts in Africa**, AFD, AECID, CDP and KfW are currently working on a

co-financing framework which could be extended to other European financial institutions with a development mandate in the future. A joint declaration on co-operation, forming the political and strategic pillar of the envisaged co-financing structure has already been signed during the Finance in Common Summit on October 20th, 2021. It will be followed by the formalization of a **co-financing framework agreement** with common procedures in 2022. It will help identifying concrete co-financing opportunities, better linking European financial and technical cooperation, and contribute to greater European visibility, values and standards. The partners are working closely to identify the first pilot projects to be potentially co-financed already in 2022. In addition AFD, EIB and KfW are successfully cooperating under the “Mutual Reliance Initiative” (MRI) launched in 2013.

- **To finance the African Private Sector**, the European DFIs have demonstrated for many years, their capacity to cooperate in order to ease the access to European funding for their customers. EDFI has set up several mechanisms of co-financing: the **Friendship Facility** (co-financing between PROPARCO - France, FMO –The Netherlands- and DEG - Germany), the **EFP** (European Financing Partners) and **ICCF** (Interact Climate Change Facility) **facilities** with AFD and EIB as anchor investors, sharing risks with the smaller EDFIs. EDFI have created several joint tools, funded by the European Commission, to address financing gaps managed by the recently established **EDFI Management Company** : First, **Electrifi** (early stage energy projects), then **Agrifi** (early stage agri projects), and some work is now ongoing on developing **joint EDFI facilities under the EU’s EFSD+** guarantees. European DFIs are also working on the harmonization of their practices and creating **common standards** on E&S and Impact measurement. Lastly, the EDFI-EBRD Memorandum of Understanding will also strengthen the impact of their work by intensifying collaboration among European DFIs with a strong private-sector focus.
- **To provide expertise and capacity building in Africa**, the **Practitioners’ Network (PN)** members have already worked in a Team Europe approach for the implementation of the European Development Agenda over the past EU 2014-2020 Multiannual Financial Framework (MFF) and will foster this approach for the operationalization of the 2021-2027 MFF. PN Members will join efforts with the Enhanced Partnership and EDFIs to implement African Team Europe initiatives for the 2021-2027 EU budget period and to build partnerships with implementers in Africa for the ambitious changes proposed. By mobilizing technical cooperation and European expertise, PN Members can support and facilitate Africa-EU policy dialogue during implementation and work together to steer up investments with African Partners, including through blending instruments or guarantees under the EFSD+. They will promote green, resilient, just and sustainable investment, foster support to social sectors in response to health crisis and socio-economic consequences. PN will also share its experience in private sector engagement, investment climate reforms, digital entrepreneurship and inclusive finance to upscale sustainable strategic partnerships with Africa, following the policy first principle, ensuring that all cooperation modalities are more results-oriented and aligned with UN Sustainable Development Goals (SDGs).

5. Finally, fostering the operational partnership between European Development agencies and African public development banks could scale up the impact of our actions on the field to reach the Sustainable Development Goals. Beyond the European system, we shall pursue the development of strong partnerships with **African Public Development Banks (PDBs)**, who are also major actors and committed to the transition, as confirmed by the Finance in Common Initiative (FiCS). All over the world, local actors are financing sustainable development, including in particular national and sub-national public development banks. These institutions, directly linked to their government, to the socio-economic, political

and institutional contexts of their territories, could be an asset to bring together local and international forces and resources, both public and private, and facilitate the transformations necessary for sustainable development trajectories. Local development banks should fully participate in the financing architecture for sustainable development, and could benefit from strengthened support from multilateral and international institutions (capacity building, concessional resources, redistribution of capital to poorly financed countries, etc.). About 100 Public Development Banks are established in Africa. They are key players to increase our mobilization towards the SDGs, thanks to their strength of influence and knowledge, their networks and their understanding of local needs. Several successful co-financing infrastructure projects between European actors and African banks are already under implementation, notably with AfDB (African Development Bank) and the West African Development Bank (WADB) for instance and this could increase in the context of the AfDB launch of an « Alliance for green infrastructure ».

Signatories:

European Investment Bank



European Bank for Reconstruction and Development



European Development Finance Institution



Enhanced Partnership



Practitioner's Network



Practitioners' Network
for European Development Cooperation

