IDOS German Institute of Development and Sustainability

IDOS DISCUSSION PAPER **2/2023**

The Future of EU Blended Finance and Guarantees

An Assessment of Cooperation Strategies with Least Developed Countries in Africa

Erik Lundsgaarde

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Bonn 2023

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Published with financial support from the Federal Ministry for Economic Cooperation and Development (BMZ).

Suggested citation:
Lundsgaarde, E. (2023). *The future of EU blended finance and guarantees: An assessment of cooperation strategies with least developed countries in Africa* (IDOS Discussion Paper 2/2023). Bonn: German Institute of Development and Sustainability (IDOS). https://doi.org/10.23661/idp2.2023

IDOS Discussion Paper / German Institute of Development and Sustainability (IDOS) gGmbH
ISSN 2751-4439 (Print)
ISSN 2751-4447 (Online)
ISBN 978-3-96021-203-4 (Print)
DOI: https://doi.org/10.23661/idp2.2023

Tulpenfeld 6, 53113 Bonn
Email: publications@idos-research.de
https://www.idos-research.de

Printed on eco-friendly, certified paper.

Acknowledgements

The author thanks Kathrin Berensmann, Benedikt Erforth, Ina Friesen, Niels Keijzer, Stephan Klingebiel and Svea Koch for helpful comments on an earlier version of this discussion paper. Lennart Diepmans and Laureen Migacz compiled information that provided a foundation for Table 7 and Table A2, and this background work was greatly appreciated. The author is solely responsible for the content of this paper.

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Abbreviations

ACP	African, Caribbean, and Pacific Group
AECID	Spanish Agency for International Cooperation and Development / Agencia Española de Cooperación Internacional para el Desarrollo
AFD	French Development Agency / Agence Française de Développement
AfDB	African Development Bank
CDP	Cassa Depositi e Prestiti
COFIDES	Spanish Development Finance Institution / Compañia Española de Financiación del Desarrollo
CPF	Common Provisioning Fund
CSO	civil society organisation
DFI	development finance institution
DRC	Democratic Republic of Congo
EAG	External Action Guarantee
EBRD	European Bank for Reconstruction and Development
EDF	European Development Fund
EDFI	Association of bilateral European Development Finance Institutions
EFAD	European Financial Architecture for Development
EFSD	European Fund for Sustainable Development
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
EIP	EU External Investment Plan
ELM	External Lending Mandate
EU	European Union
FMO	Netherlands Development Finance Company / Financierings-Maatschappij voor Ontwikkelingslanden N.V.
IFC	International Finance Corporation
KfW	KfW Development Bank
LDC	least developed country
MIP	Multiannual Indicative Programme
MSMEs	micro, small and medium-sized enterprises
NDICI	Neighbourhood, Development and International Cooperation Instrument
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
Proparco	Société de Promotion et de Participation pour la Coopération Economique
SMEs	small and medium-sized enterprises
UNCDF	United Nations Capital Development Fund
WB	World Bank

Executive summary

The European Union (EU) institutions together represent a large and influential development cooperation actor, with the European Commission and European Investment Bank (EIB) providing EUR 16.1 billion in official development assistance (ODA) in 2021 (European Commission, 2022c). The EU increasingly uses its aid resources to promote and facilitate external investment in developing countries. As part of a larger reform of external financing instruments that was concluded in June 2021, the European Fund for Sustainable Development Plus (EFSD+) was created as a core component of EU development cooperation and reflects the EU's rising commitment to deploying blended finance and guarantees as development financing tools.

This discussion paper examines the EU's intentions regarding how the EFSD+ will be integrated into geographic programmes, with a specific focus on the least developed countries (LDCs) in Africa. This focus is relevant because the EU has expressed a commitment to direct "special attention" to LDCs in EFSD+ implementation. Investment needs for LDCs remain significant, and the reach of blended finance to date has been limited in these settings.

Based on a review of the Multiannual Indicative Programmes (MIPs) for 30 African LDCs as well as the regional MIP for Sub-Saharan Africa covering the period 2021-2027, this paper provides an overview of the volume of funding reserved for EFSD+ implementation in individual geographic programmes, identifies the expected EFSD+ sectoral priorities and summarises how development finance institutions (DFIs) are referenced as EFSD+ implementation partners in MIPs. The descriptive review of the integration of the EFSD+ in geographic programmes highlights several issues that should be kept in mind during future monitoring and assessment of the EFSD+.

MIPs are strategy documents outlining EU priorities for cooperation in a given context based on an analysis of development challenges and varied stakeholder consultations. EU delegations prepare MIPs on the basis of guidelines from headquarters in Brussels. The guidelines for the current generation of MIPs encourage delegations to specify the role of blended finance and guarantees in country programmes to promote their alignment with EU priorities and coherence with other funding modes. The EU's expected financial commitment to EFSD+ implementation in geographic programmes is clearly outlined in the MIPs with reference to the amount of country allocations that are reserved for provisioning the External Action Guarantee (EAG). This figure provides an indication of the scale of guarantee-backed EFSD+ operations but does not directly predict the footprint of the EFSD+, in part because the provisioning rates for operations vary depending on the type of activities supported. Sovereign operations have a lower provisioning rate than private-sector operations, meaning, for example, that the respective demand for these approaches in individual countries will influence the overall scale of guarantee-backed operations. The amount of EU funding dedicated to blended finance operations is also not systematically reported in the MIPs, providing additional uncertainty about the magnitude of the management challenge that EU institutions face as EFSD+ implementation proceeds.

Despite these limitations, the funding reserved for provisioning the EAG signals where the EFSD+ is expected to play a larger or smaller role. Niger, Tanzania, Uganda, Rwanda and Zambia are at the top of the list of African LDCs in terms of the volume and share of country funding allocated towards EAG provisioning. In contrast, in eight countries – including the Democratic Republic of the Congo, Chad and Somalia – the funding reserved for EAG provisioning represents less than 2 per cent of the country allocation, reflecting challenges such as high debt burdens, governance and security challenges that hinder the deployment of blended finance and guarantees. This suggests that African LDCs strongly differ in terms of the business climates and investment opportunities that they offer. More directly, the variations indicate that EU institutions perceive a high potential for EFSD+ use in some countries and a low potential in others. This varied prioritisation across African LDCs highlights where EU development policy stakeholders can focus their attention while monitoring EFSD+ implementation. At the same time, the observed differences in the commitment to using EFSD+ tools across countries indicates that EU institutions can more explicitly identify the criteria that guide EFSD+ resource commitments and elaborate what prerequisites should be in place for the deployment of blended finance and guarantees in LDCs.

The review of sectoral priorities named in MIPs in connection with the EFSD+ indicates that a broad range of thematic areas are considered potentially relevant. The MIPs signal that financing for micro, small and medium-sized enterprises and renewable energy investment will be key priority areas, in line with broader trends in blended finance and guarantee use. The strategies also point to wide interest in linking the EFSD+ to engagement in sustainable agriculture and environmental protection, which are fields of activity that have to date not been priority areas for blended finance and guarantee use. In contrast, the MIPs reveal that EU engagement on governance priorities is considered less amenable to EFSD+ use, reflecting the need for blended finance to combine economic and development rationales. The wide potential scope for EFSD+ use implies that knowledge about how blended finance and guarantees function and how the financing approaches interact with other interventions needs to increase throughout the EU development cooperation management system. It similarly highlights the further potential for sectoral expertise to inform choices on how EFSD+ tools are deployed.

DFIs are central players in implementing blended finance and guarantees because their business models combine financial and development rationales. They create demand for EFSD+ tools through the proposals they submit. The EU has emphasised the goal of expanding the range of DFIs engaged in the implementation of blended finance and guarantees in the context of creating an open investment architecture. However, the review of country strategies underlines that the EIB as well as the Agence Française de Développement and the KfW Development Bank will likely continue to play a larger role compared to the DFIs of other EU member states.

The inclusion of specific sections referencing the EFSD+ in geographic programming documents reflects the EU’s interest in improving the integration of blended finance and guarantees with other dimensions of cooperation programmes. Although the MIPs reviewed in this analysis generally do not justify the recourse to EFSD+ tools in relation to other modalities, they still reveal the necessity of strengthening complementarity with other forms of assistance. The linkage between the EFSD+ and EU funding to address the political and economic framework conditions that enable expanded investment is especially relevant. Grant-based aid such as technical assistance can serve a supporting function for the expanded use of EFSD+ tools, for example.

EU institutions should therefore clarify the implications that the wider use of EFSD+ tools within geographic programmes carries for other types of assistance. This is essential not only to understand the trade-offs that exist in strengthening a commitment to the EFSD+ in relation to other approaches, but also to ensure that interventions achieve synergies in implementation. The further elaboration of the relationship between EFSD+ tools and other components of geographic programmes is necessary to reveal the full scope of the adaptation challenges that EFSD+ implementation presents for the EU development administration at the headquarters level and in the field.

1 Introduction

The European Union (EU) actively promotes the use of public funds to mobilise additional public and private investment as a means of achieving development objectives and strengthening the EU's global role. The Global Gateway – a strategy launched in December 2021, to address gaps in infrastructure financing while emphasising the EU's commitment to democratic values and governance – is currently a prominent example of this approach. At its inception, the Global Gateway presented an aim of mobilising up to EUR 300 billion from 2021 to 2027 (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2021). As an extension of the Global Gateway strategy, the Global Gateway Investment Package for Africa was announced at the European Union–African Union Summit in February 2022, promising to mobilise at least EUR 150 billion in investment in African countries (European Council, 2022). Although multiple funding sources, including EU member states and development finance institutions (DFIs), are expected to contribute financing to reach these ambitious investment objectives, the European Fund for Sustainable Development Plus (EFSD+) is foreseen as a major financing source for Global Gateway implementation and is expected to generate EUR 135 billion of investment (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2021). As nascent initiatives, the Global Gateway and the EFSD+ have raised concerns about their ability to deliver on high investment mobilisation promises as well as their potential to diminish the poverty reduction orientation of EU development cooperation (Sial & Sol, 2022).

The EFSD+ reflects an expanded EU commitment to blended finance and guarantees as development financing tools. The adoption of NDICI-Global Europe brought the EU's blended finance, guarantees and grant-based cooperation together under one legal roof, covering all developing countries that were previously catered to by various geographic instruments, including the inter-governmental European Development Fund (EDF) (Burni, Erforth, & Keijzer, 2021). As a component of the NDICI-Global Europe instrument, the integration of the EFSD+ into the EU's geographic programmes is critical for aligning blending operations with the priorities of the EU and partner countries as well as situating the contribution of these tools alongside other EU activities. Several analyses have examined the EFSD+ from a global perspective, outlining its main features, highlighting its innovative qualities, and identifying challenges in design, governance and implementation (Bilal, 2019; Gavas & Timmis, 2019; Lundsgaarde, Sánchez-Barrueco, & Budui, 2022). This discussion paper moves beyond a global level of analysis by examining the EU's intentions regarding how the EFSD+ will be integrated into geographic programmes, focussing on EU development cooperation in the least developed countries (LDCs) in Africa. The analysis provides a descriptive overview of the purposes the EFSD+ is expected to serve in African LDCs and highlights the opportunities and constraints linked to the implementation of the EFSD+ in these settings.

The EU and its member states have made commitments to support LDCs due to vulnerabilities linked to food insecurity and climate change, among other issues, and have stated an intention of collectively providing official development assistance (ODA) representing .20 per cent of gross national income by 2030 (Council of the European Union, 2022). The NDICI-Global Europe regulation identifies LDCs as a category of countries that should receive "special attention" in the implementation of the EFSD+, alongside the partially overlapping categories of fragile and conflict-affected states and heavily indebted poor countries (NDICI 31.2).[1] EU institutions have faced criticism for not sufficiently focussing ODA on LDCs and for privileging middle-income countries in the overall aid portfolio (Organisation for Economic Co-operation

1 In this paper, in-text references to the NDICI-Global Europe regulation (European Union, 2021) are noted with "NDICI" (Neighbourhood, Development and International Cooperation Instrument) followed by an indication of the specific sections of the regulation that are referenced.

and Development [OECD], 2018b). The expanded role of blended finance as an EU development approach poses a challenge in shifting support to LDCs, as blending operations have to date favoured middle-income countries, where investment risks are lower (United Nations Department of Economic and Social Affairs [UN DESA], 2021). At the same time, the EFSD+ explicitly aims to generate investment in challenging environments by using EU resources to assume a share of the risks that DFIs and private investors face. Monitoring the evolution of the EFSD+ footprint in LDCs is thus relevant to analyse both how the EU lives up to commitments to direct more resources to LDCs and how blended finance and guarantees meet expectations of closing investment gaps in previously underserved areas.

To provide context for the analysis, the paper first identifies the rationales for the use of blended finance and guarantees in LDCs and highlights key findings from the relevant literature. A subsequent section summarises the features of the EFSD+ as an instrument and outlines priorities and principles that provide guidance for programming. The review of Multiannual Indicative Programmes (MIPs) forms the core of the analysis. Section 4 highlights the scale of anticipated support to the EFSD+, thematic orientations, possible implementation partners and aspects of complementarity with other EU cooperation approaches. Section 5 outlines the place of the EFSD+ in the regional MIP for Sub-Saharan Africa. The conclusion summarises findings from the analysis and identifies relevant issues to monitor as EFSD+ implementation proceeds.

2 Blended finance and guarantees in LDCs

This section provides background for the review of MIPs in African LDCs by highlighting general characteristics of LDCs, presenting definitions of blended finance and guarantees, and identifying both the opportunities and limitations associated with employing these financing approaches in LDCs. The section also summarises findings on EU blended finance engagement in these contexts, highlighting experiences from the implementation of the European Fund for Sustainable Development (EFSD).

2.1 Rationale and challenges

The LDC designation classifies countries on the basis of a composite measure incorporating indicators of national income, human capital, and economic and environmental vulnerability (UN DESA, s.a.-a). The designation serves a political function by highlighting the complex challenges, such as poverty, limited economic diversification, indebtedness and conflict, that LDCs face and drawing attention to the need to better integrate these countries in the global economy and support their development with public and private investment (United Nations, 2022). The process of graduating from LDC status takes several years, following an initial eligibility assessment. Bhutan is expected to graduate in 2023, and Angola, São Tomé and Príncipe, and the Solomon Islands should follow suit in 2024. As Table A1 in the Annex indicates, 33 of the 46 current LDCs are located in Africa. EU institutions disbursed between 71 and 81 per cent of their ODA to LDCs to African countries annually in the period 2011-2020, and EU aid to African LDCs amounted to USD 3.43 billion in 2020, 16 per cent of total EU aid (OECD, 2022).

Numerous international policy measures and financing forms are relevant for LDCs. ODA has typically represented a larger share of external financing for LDCs than for other sub-groups of developing countries. Despite its continued relevance as a funding source, grant-based aid has languished, among other reasons, due to the Covid-19 pandemic, which offered additional setbacks to LDCs, such as declines in foreign direct investment. Many international development partners have emphasised the potential for blended finance to contribute towards closing LDC financing gaps in light of the massive scale of investment needed in order for LDCs to achieve the Sustainable Development Goals. However, the United Nations Conference on Trade and Development has expressed caution about expanding blended finance in these contexts, raising concerns about the extent to which partner-country investors have opportunities to benefit from the financing approaches, the weak connection between national development strategies and blending decisions, and institutional capacity constraints in partner countries that limit the integration of blended finance in national planning (United Nations Conference on Trade and Development, 2021).

The Organisation for Economic Co-operation and Development (OECD) defines blended finance as "the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries" (OECD, 2018a, p. 4). This definition and OECD principles guiding the use of blending highlight that a key function of blending is to combine a central investment goal of obtaining a financial return on investment with a commitment to addressing development goals. The EU defines blended finance as "the strategic use of a limited amount of grants to mobilise financing from partner financial institutions and the private sector to enhance the development impact of investment projects" (European Commission, 2015. p. 3). The grant component can include different forms of EU support, including technical assistance, interest rate subsidies, guarantees, risk capital or a combination of these types of support. The EU definition underlines that blending reflects a mixture of forms of financing, including a concessional contribution from a development cooperation provider. Beyond the central objective of mobilising additional resources, blending can aim to serve multiple purposes, such as improving the quality of projects with technical assistance, providing a demonstration effect of investment viability and promoting coordination among DFIs (Lundsgaarde, 2017; UN DESA, 2021).

Table 1: Roles of EU and development finance institutions in EU blended finance operations

EU roles	DFI roles	Objectives of EU contribution
• Provide grant element • Consult with partner governments and other stakeholders • Identify blending priorities to align with EU strategic goals • Allocate funding • Technical assessment of project proposals • Delegate project management • Shape results indicators • Participate in monitoring and evaluation	• Provide co-financing such as loans • Engage in dialogue with stakeholders • Project identification • Project management • Conduct due diligence • Responsibility for monitoring and evaluation	• Increase financial viability of projects • Mobilise DFI and private-sector financing • Expand scale of projects • Improve project quality • Promote cooperation among involved entities • Protect investors from risks

Source: Author, based on information contained in European Commission (2015)

As the EU definition of blended finance above indicates, guarantees can be one component of a blended finance operation. However, the EU treats blended finance and guarantees as separate financing approaches working in tandem under the umbrella of the European Fund for Sustainable Development and its successor, the EFSD+ (European Commission, 2021b). A guarantee can be defined as "a legally binding agreement under which the guarantor agrees to pay part or all of an amount due on a loan, equity, or other instrument in the event of non-payment by the obligor" (Garbacz, Vilalta, & Moller, 2021, p. 13). Unlike a grant, a guarantee does not represent a direct payment, and a guarantee provider only incurs a loss if a call is made on the guarantee, for example in the case of a default. A key function of the guarantee component of the EU's External Investment Plan (EIP) is to provide a risk-sharing mechanism to expand private investment in challenging environments (European Commission, 2016).

Blended finance and guarantees present several potential benefits for LDCs. A primary intended benefit stems from the core rationale of blending, which is to increase the scale of investment by using a limited amount of public funds to adjust the risk-return profile to investors (Bayliss et al., 2020; Küblböck & Grohs, 2019). The availability of de-risking instruments as a means of mobilising investment is relevant for LDCs because these settings present manifold risks or investment constraints, such as macroeconomic and exchange rate risks and difficult regulatory and institutional environments (OECD & UNCDF, 2020). Guarantees can potentially mitigate risks in LDCs by increasing capacities for local currency financing, extending the availability of credit to underserved actors such as micro, small and medium-sized enterprises (MSMEs), or providing backing for large-scale infrastructure projects, as examples (Garbacz et al., 2021).

Table 2: Overview of roles of key actors in guarantee implementation focussing on the private sector

European Union	• Concludes guarantee agreement with DFI specifying profile of investments covered, risks assumed and price of guarantee • Provisions guarantee to shoulder risk
Development finance institution	• Manages the implementation of the guarantee • Uses the guarantee to adjust the scale, type or terms of financing provided • Offers financial products to lower lending or investment risks of direct beneficiaries, such as financial institutions or private investors
Private-sector actors	• Gain leeway to expand lending to individuals or enterprises perceived to have a higher risk profile • Face lower risks in investing in specific projects • Are cushioned from losses from lending or investment in areas covered by guarantee

Source: Author, based on the information contained in European Commission (2021a)

At the same time, the expansion of the scope of blended finance in LDCs is subject to several constraints. Although blended finance instruments can be structured in various ways to adjust their scope for cushioning possible investors, the instruments cannot resolve the underlying sources of risks, such as limitations in the institutional setting, on their own. Investment challenges in LDCs stem from national-level factors, including political instability and high indebtedness as well as project-level risks such as high project preparation costs (Berensmann, 2021). The combination of limited knowledge of LDC contexts among development finance providers and the complexity of the instruments themselves creates capacity constraints on both sides of the financing relationship with respect to structuring and managing blended finance (Garbacz et al., 2021; Hurley & Voituriez, 2016; OECD & UNCDF, 2020).

Such constraints make LDCs less attractive as destinations for blended finance. Basile and Neunabel (2019) note that increases in economic, environmental and political stability shape investor interests in particular settings and the opportunities for deploying blended finance. The amount of private investment mobilised in LDCs as a result of official development finance has increased over the last decade, but it remains significantly lower than investment mobilised in middle-income countries. The OECD and United Nations Capital Development Fund report that only 6 per cent of private investment mobilised with official development finance between 2012 and 2018 occurred in LDCs. These investments have been concentrated in the energy, banking and financial services sectors, which accounted for half of mobilised investments in 2017-2018. Guarantees were the single most important blended finance instruments contributing to investment mobilisation in LDCs by this account (OECD & UNCDF, 2020).

2.2 The EU's blended finance engagement in LDCs

Although blending is often portrayed as a novel development financing approach, initiatives to combine grant and non-grant resources to facilitate investment in risky settings have existed for decades. In the EU context, the European Investment Bank's (EIB) External Lending Mandate (ELM) was established in 1977. Under the ELM, an EU budgetary guarantee backed EIB lending activities in a broad range of countries, excluding lending to the African, Caribbean and Pacific (ACP) group of countries, with the exception of South Africa (Lundsgaarde et al., 2022). The separate ACP Investment Facility was created in 2003 to mobilise resources for investment in the ACP countries. Its aim was to use EU member state funds via the EDF to increase the availability of long-term financing and lending in local currencies through means that included direct investment in infrastructure projects, the provision of credit lines to financial intermediaries and direct or indirect equity participation in small and medium-sized enterprises (SMEs) (European Court of Auditors, 2015).

The EU blended finance agenda advanced with the creation of eight regional blending facilities from 2007 onward. In the aftermath of the global financial crisis, EU development policy increasingly emphasised the value of expanded engagement with private-sector actors. The "Agenda for Change" in 2010 explicitly stated that the EU should expand the share of its aid directed to blending grants and loans (European Commission, 2011). The creation of the EFSD in 2017 as a centrepiece of the EU's EIP was a further milestone.[2] The EFSD consisted of two core funding components that initially defined the financial targets to reach by 2020. The first was a EUR 1.5 billion guarantee backed by a EUR 750 million funding commitment, and the second was a EUR 2.6 billion commitment to providing blended finance as a continuation of the existing African Investment Facility and the Neighbourhood Investment Facility. Taken together, these commitments were expected to generate EUR 44 billion in investment in Africa and the European Neighbourhood (Lilyanova, 2021). The European Commission indicated that commitments through the EFSD's blending component had risen to EUR 3.8 billion by 2020. As a result of increases in the size of both the guarantee and blending components, the estimate of investment to be mobilised from the EFSD rose to EUR 54 billion (European Commission, 2021b).

The legislation establishing the EFSD indicated that decision-making should provide for the diversified geographic and thematic coverage of investments within the prioritised regions and also address the particular needs of fragile and conflict-affected countries, LDCs and highly indebted countries (European Union, 2017). From the time of the creation of the EFSD up until 2020, some 55 per cent of EU blended finance under the EFSD was directed to Sub-Saharan African countries, with funding to LDCs accounting for 74 per cent of these funds. Blending to Sub-Saharan African countries was concentrated in the transport and energy sectors, while investment grants were the single most important form of funding provided (European Commission, 2021b). Overall, 37 per cent of the EU contribution to EFSD blended finance projects was allocated to multi-country projects by 2021. Five African LDCs (Madagascar, Uganda, Mali, Malawi and Zambia) were among the top 10 partners receiving country-specific blended finance under the EFSD in this period (Lundsgaarde et al., 2022).

2 See Lundsgaarde (2017) for a detailed analysis of the creation of the EFSD.

A report assessing the status of EFSD implementation was conducted in 2019 to contribute towards fulfilling the European Commission's accountability requirements as EFSD manager towards the Council of the European Union and the European Parliament (BKP Development Consortium & Ars Progetti [BKP], 2020). The report noted the relevance of the EFSD as a development finance model and confirmed a leveraging effect of 1 to 10 conforming to the expectations for the EFSD, emphasising that the potential for leveraging investment varies with the choice of instruments and the sectors of engagement. The reported leveraging effect was lower for blending operations in Sub-Saharan Africa than in the European Neighbourhood, owing to higher investment risks in Africa. The report highlighted that the instrument enabled the EU to expand its scope of activity and support innovation, but it also stressed that the EU's grant instruments, including budget support, remained more suitable for addressing numerous policy objectives. In addition, the report highlighted several management challenges for the European Commission and EU delegations, including the need to strengthen expertise within the EU development administration, clarify the division of responsibilities between EU delegations and headquarters, and resolve uncertainty about how the EFSD would be integrated into EU country programmes (BKP, 2020).

Beyond such management challenges, the increasing role of blended finance on the EU development agenda has raised several concerns. First, the complexity of blended finance instruments and their intermediated character pose challenges for transparency and accountability. Second, despite the decades of experience with blending, there is a limited evidence base on its impact (Bayliss et al., 2020). Third, there are questions about the priorities that blended finance promotes as well as its consequences. Relevant concerns include whether funds devoted to blending come at the expense of other forms of support to developing countries, whether blending is the right approach to address objectives such as increasing the availability of financing to MSMEs, and whether blended finance reflects an unneeded subsidy to DFIs and private-sector actors (Gavas & Timmis, 2019; Küblböck & Grohs, 2019). The concept of additionality provides an entry point for assessing whether the grant component of a given blended finance operation is responsible for leveraging financing or achieving development impacts, but it has proven challenging to operationalise consistently in blended finance evaluations (Winckler Andersen, Hansen, & Rand, 2021). European civil society organisations (CSOs) engaging with the blended finance agenda have cautioned against expanding blended finance activities in LDCs within sectors such as health, education and social protection in order to preserve a stronger public-sector role. They have also encouraged EU decision-makers to use lessons from pilot initiatives as a foundation for the wider deployment of blended finance (Schneider & Roba, 2021).

A major evaluation of EU blending operations indicated that up through 2013, blended finance projects generally had a limited focus on targeting poverty reduction goals in project development and implementation (ADE, 2016). One explanation for this was the emphasis on large-scale infrastructure projects, which only had an indirect effect on poverty reduction. Another explanation was the lack of explicit requirements to include anticipated poverty reduction impacts in project justifications – a challenge remedied with the introduction of new guidance beginning in 2014. As a further recommendation, the evaluation noted that blending operations could focus on employment creation to a greater extent in order to better address the needs of poor populations (ADE, 2016). Beyond the EU context, Hansen, Rand and Winckler Andersen (2020) note in a review of evidence on the use of various types of guarantees in development cooperation that the clarification of objectives, the analysis of demand, the assessment of market failures and the justification of guarantee use in combination with other instruments should be relevant considerations in strengthening the rationale for the deployment of guarantees.

3 The EFSD+: Main features and programming guidelines

This section provides an overview of the characteristics of the EFSD+ and then outlines elements of the legislative framework and programming guidelines that shape the expectations towards EU delegations on how the EFSD+ should be integrated into EU geographic programmes.

3.1 Presenting the EFSD+

The NDICI-Global Europe regulation characterises the EFSD+ as “an integrated financial package supplying financial capacity in the form of grants, technical assistance, financial instruments, budgetary guarantees and blending operations” (NDICI 31.2). In line with the objectives of the EFSD that it builds on, the purpose of the EFSD+ is to support investment and increase access to financing to contribute to a multitude of goals outlined in the NDICI-Global Europe regulation. The EFSD+ maintains features of the governance set-up of the EFSD, including giving the Commission a central management role and assigning an advisory role to a strategic board. However, it also reflects an expansion in financial and geographical scope in comparison to its predecessor (Lundsgaarde et al., 2022).

The creation of the EFSD+ as a component of the NDICI-Global Europe instrument reflects the evolution of two policy agendas in EU development cooperation. The first is the reform of the budgetary framework for cooperation, and the second is the debate on the future of the European Financial Architecture for Development (EFAD). A main objective of the reform of the budgetary framework was the consolidation of previously separate instruments under the umbrella of NDICI-Global Europe, notably including the integration of the extra-budgetary EDF (Bougrea, Orbie, & Vermeiren, 2022). The consolidation agenda is reflected in the EFSD+’s creation of a common framework for regional blending platforms and in the establishment of an External Action Guarantee (EAG) to succeed the previously distinct guarantee funds supporting the EFSD and the EIB’s External Lending Mandate (Bilal, 2019). A related aspect of this merger is that the EFSD+ can support operations fitting into three financing categories: 1) sovereign and non-commercial sub-sovereign finance, 2) commercial sub-sovereign finance and 3) private-sector finance, whereas the EFSD focussed on private-sector financing (European Commission & European External Action Service, 2020).

Elements emphasised as a future direction for the EFAD include promoting an open investment architecture that allows EU and member state DFIs to participate in the implementation of EU cooperation on the basis of their respective strengths, encouraging coordination among European DFIs and enhancing the steering role of the European Commission in development finance implementation (Council of the European Union, 2021). In addition to reflecting its broader scope of action compared to the EFSD, the “+” therefore also relates to the potential for a wider range of DFIs to be involved in implementing EU blended finance and guarantees.

The financial scope of the EFSD+ is partially outlined with reference to the scale of operations that can be backed by the EAG. The NDICI regulation foresees that up to EUR 10 billion may be allocated from the EU budget to provision the EAG, which may in turn support guarantee operations at a maximum level of EUR 53.449 billion from 1 January 2021 to 31 December 2027 (NDICI 31.5; NDICI 31.3). In contrast to guarantee-backed operations, the foreseen volume of the EU budgetary contribution to blending operations is not specified in the NDICI-Global Europe regulation (Bougrea et al., 2022). Funding to either provision guarantees or supply blended finance stems from the geographical envelopes, accounting for 76 per cent of the NDICI-Global Europe budget (EUR 60.388 billion of EUR 79.462 billion). A minimum of EUR 29.181 billion (48 per cent of geographic funds) is allocated to cooperation in Sub-Saharan Africa in this framework

(NDICI 6). The regulation does not include a specific target on what share of this funding should be directed to LDCs.

Table 3: Comparison of the scopes of the EFSD and the EFSD+

	Main funding sources	Geographic scope	Blending volume	Guarantee volume	Guarantee uses
EFSD	EDF and EU budget	Africa and the European Neighbourhood	EUR 3.8 billion as of 2020	EUR 750 million to back EUR 1.5 billion in guarantees	Private-sector financing
EFSD+	EU budget (NDICI-Global Europe)	Global	Not specified	Up to EUR 10 billion to back guarantee operations up to EUR 53.449 billion from 2021 to 2027	Sovereign and non-commercial sub-sovereign financing; commercial sub-sovereign financing; Private-sector financing

Source: Author, based on information contained in Bougrea et al. (2022), European Commission and European External Action Service (2020) and Sections 2.2 and 3.1 of the present analysis

3.2 Programming guidelines for the EFSD+

The NDICI regulation provides a foundation for geographic programming by setting out strategic orientations, emphasising relevant decision-making criteria with respect to implementation choices and outlining how the programming process should be organised. The regulation presents seven broad priority areas that can serve as potential emphases in geographic programmes: 1) good governance, democracy, the rule of law and human rights, 2) eradicating poverty, fighting against inequalities and discrimination, and promoting human development, 3) migration, forced displacement and mobility, 4) environment and climate change, 5) inclusive and sustainable economic growth and decent employment, 6) peace, stability and conflict, and 7) partnership (NDICI 1.10). Each of these priority areas encompasses a range of more specific objectives outlined in an annex to the regulation, underlining the breadth of policy goals that EU engagement seeks to address.

The presentation of eligibility requirements for the selection of partners under the EFSD+ is an example of legislative guidance for implementation decisions. Assessments relevant for the selection of partners include results from ex ante evaluations; the determination that funding choices should complement different components of the EIP and other EU initiatives; the identification of whether initiatives are economically, financially and technically viable; and the verification that financing under the EFSD+ does not distort local markets or present competition to local actors. In addition, operations supported by the EAG are also expected to adhere to social and environmental standards (NDICI 35.2).

The legislation signals that EU delegations should consult with a wide range of stakeholders as an input into the programming process. This includes member state representations, other cooperation providers, and stakeholders reflecting partner-country interests, including national and subnational governmental representatives as well as CSOs. The regulation also indicates that programming should be guided by the characteristics of the partner countries. This encompasses the partner country’s needs, capacities, commitment to EU values, absorption capacity and the potential for domestic resource mobilisation. In addition, programming should consider the potential impact of the EU contribution in a given setting (NDICI 13).

The European Commission and the European External Action Service (EEAS) provide further guidance to EU delegations by issuing programming guidelines. The NDICI-Global Europe programming guidelines indicate that EU delegations are expected to expand their role in using guarantees and blended finance projects. To this end, they should seek and incorporate input from the EIB and other DFIs in this process (European Commission & European External Action Service, 2020). MIPs – the EU's strategies for cooperation in specific countries and regions – are the common output. The MIPs were adopted in December 2021 through the formal comitology process and shared with the European Parliament (European Commission, 2021c).

The country programming process and the content recorded in MIPs reflect the interest in proposing a cooperation agenda that serves both EU and partner-country interests. This is also the foundation of the "policy first" principle, which indicates that EU programming should be anchored in EU strategic objectives and promote shared interests in the partner country (European Commission & European External Action Service, 2020). While the policy first principle thus seemingly reflects a basic understanding that cooperation choices are a manifestation of a partnership, the principle also references the stronger steering role that the European Commission and EU delegations are expected to play vis-à-vis the EIB and other DFIs. Recommendations directed at the Commission in order to exercise this steering role effectively include the improvement of coordination among Commission services and the expansion of capacities to engage with financial institutions and private-sector actors (Wieser et al., 2019). The integration of the EFSD+ into country programming is considered a means of enabling the Commission and the delegations to promote greater coherence and complementarity of blending and guarantees with other cooperation modalities (European Commission & European External Action Service, 2020). Concretely, the application of the policy first principle implies that investment proposals from DFIs under the umbrella of the EFSD+ should be aligned with the priorities outlined in MIPs (Wieser et al., 2019).

The guidelines issued by the EEAS and the Commission at the start of the programming phase provide a template for the preparation of MIPs. To highlight the place of the EFSD+ country programmes, the guidelines indicate that the expected contribution of the EFSD+ to each main priority area should be outlined separately. Although the guidelines indicate that EU delegations have experience with the programming of blended finance, they note that the programming of guarantees is a novel element of the EFSD+. The programming of guarantees involves an interactive process between delegations and headquarters, in part due to a preference for the regional or cross-country programming of guarantees to mitigate risks. To outline expectations for the use of the EFSD+ in specific country programmes, the guidelines suggest that MIPs should include information on the estimates of the funds to be used for blending operations and the provisioning of the EAG to support guarantee operations. In addition, the MIPs should include an indication of which financing categories are relevant, if possible (European Commission & European External Action Service, 2020).

4 Reviewing MIPs in African LDCs

This section examines how the EU envisions integrating the EFSD+ into EU geographic programmes in practice based on a review of MIPs for 30 African LDCs.[3] MIPs for Eritrea, Ethiopia and Sudan were not completed in this programming cycle for political reasons and these countries are therefore not included in the analysis in spite of their LDC status. Ethiopia was the EU's second-largest overall aid recipient in the larger group of 33 African LDCs for the period 2011-2020 (OECD, 2022).

3 A full list of MIPs reviewed for this analysis appears in Table A3 in the Annex. Within the text, references to individual MIPs are reported by the country name (MIP Angola, MIP Benin, etc.).

MIPs condense a wide range of information about core development challenges and the setting for development cooperation to provide direction for the in-country allocation of resources within the programming period. The identification of a small number of priority areas around which EU cooperation will be organised and the presentation of results indicators are central elements of the strategy documents. As Section 3.2 indicates, programming guidelines encouraged EU delegations to specify the level of financial commitments to the EFSD+ and indicate the expected nature of the EFSD+ contribution in each main priority area. The specific references to the EFSD+ in the MIPs are the basis for the first three subsections (4.1-4.3) below, which outline the volume of funds assigned to the EFSD+, anticipated sectoral priorities as well as potential implementing partners. Section 4.4 reflects the findings from a broader review of each MIP, identifying how the EFSD+ relates to other elements of the EU's cooperation portfolio.

4.1 Funding reserved for EFSD+ operations within MIPs

Table 4 presents an overview of the funding reserved in MIPs to provision the EAG in support of EFSD+ guarantee operations. Provisioning amounts reflect a payment to the EU's Common Provisioning Fund (CPF), which serves as a liquidity cushion to guard the EU budget against losses incurred due to defaults in investments backed by EU budgetary guarantees. The CPF pools resources from different EU guarantee mechanisms, and the Commission is its asset manager (European Commission, 2020).

The NDICI-Global Europe regulation allows for different rates of provisioning for guarantee operations. Operations related to sovereign lending are provisioned at the lowest rate of 9 per cent, while provisioning rates can be as high as 50 per cent of the value of the guarantee for other types of operations (NDICI 31.5). The 50 per cent rate applies to the provisioning of private-sector operations in line with EFSD practice (European Commission & European External Action Service, 2020). Although the provisioning amounts offer an indication of the priority assigned to the EFSD+ across African LDCs, they do not directly predict the scale of guarantee operations in individual countries, since this will depend on the types of operations supported.

The countries in Table 4 are listed according to the overall volume of funding set aside to provision the EAG in the MIPs. In 14 countries, 10 per cent or more of the country allocation is reserved for provisioning the EAG, signalling that the EFSD+ will constitute a significant component of the country programme. In contrast, there are eight countries on this list for which the envisaged amount of provisioning for EFSD+ guarantees accounts for less than 2 per cent of the country allocation.

In the first group, Niger stands out as the country receiving the largest overall allocation to its MIP and the country for which the largest volume of funds is reserved for provisioning the EAG. Niger is an important partner for the EU on issues such as the stabilisation of the Sahel and limiting migration, and it appears at the bottom of tables ranking human development levels (MIP Niger). The MIP for Niger identifies possibilities for making use of EFSD+ tools across its three priority areas, with the largest share going to the "growth and green economy" component, in which increasing the number of private-sector financing opportunities is emphasised as a central objective (MIP Niger). Rwanda stands out as the country for which the expected allocation to provisioning the EAG is the largest as a share of the country allocation. Its MIP interestingly describes the country as a potential regional hub for EU companies. Like Niger, the potential deployment of the EFSD+ is noted across priority areas. In Rwanda's case, blending and guarantee operations may support priorities in the education sector, the development of agricultural value chains or investments in renewable energy, among many other possibilities (MIP Rwanda).

Table 4: Indicative allocations from country programmes to provision guarantees for African LDCs

	Amount reserved for provisioning the EAG (EUR mil.)	Total indicative programme (EUR mil.)	EFSD+ provisioning share of indicative programme	Size of MIP rank
Niger	71	503	14%	1
Tanzania	60	426	14%	3
Uganda	53	375	14%	6
Rwanda	49	260	19%	13
Zambia	42	299	14%	10
Mozambique	41	428	10%	2
Burkina Faso	36	384	9%	5
Benin	36	255	14%	15
Mali	35	373	9%	7
Malawi	33	352	9%	8
Madagascar	31	325	10%	9
Senegal	31	222	14%	18
Angola	26	275	9%	12
Sierra Leone	23	245	9%	16
Guinea	22	239	9%	17
Togo	21	145	14%	23
Mauritania	12	125	10%	24
The Gambia	11	119	9%	25
Lesotho	11	83	13%	27
DRC	8	424	2%	4
Djibouti	7	54	13%	28
Chad	5	280	2%	11
Somalia	5	257	2%	14
Comoros	5	46	11%	29
South Sudan	4	208	2%	19
Burundi	3	194	2%	20
Liberia	3	191	2%	21
Central African Republic	3	172	2%	22
Guinea-Bissau	2	112	2%	26
São Tomé and Príncipe	1	13	8%	30

Source: Author, based on the figures provided under the "Financial Overview" heading in MIPs

Notes: The countries are listed by the volume of funds reserved for provisioning the EAG.

At the other end of the spectrum, the Democratic Republic of Congo (DRC) is a notable example because it has the fourth-largest country programme in overall volume, but it sits towards the bottom of the ranking table with respect to the volume and share of funds designated for use in provisioning the EAG. One explanation for this is that the country programme emphasises the relevance of improving the investment environment in connection with strengthening governance, and it foresees technical assistance paving the way for the future use of EFSD+ tools. Despite the small amount of funding allocated to provisioning the EAG, the MIP notes possible recourse to EFSD+ tools in priority areas covering human development and sustainable development objectives (MIP DRC). The countries at the bottom of the list in Table 4 are generally not considered to have met the prerequisites for implementing the EFSD+ and largely remain at an exploratory or preparatory stage with respect to guarantee operations. Constraints to developing the EFSD+ in these settings include the governance and security situation (MIP South Sudan), the existence of a high debt burden (MIP Guinea-Bissau) and challenges in the investment environment (MIP Liberia).

Although EU programming guidelines note that it is relevant to outline indicative commitments to blending operations alongside support for guarantee operations, only the anticipated amount of provisioning to the EAG is reported systematically across MIPs. This suggests that the overall share of country programmes that fall under the umbrella of the EFSD+ could potentially be much higher than the share of funds linked to the EAG. As an example, the MIP for Lesotho notes that EFSD+ blended finance and guarantees are expected to fund "a large part" of its main priority area relating to the promotion of a green and resilient economy. This MIP indicates that blending operations could absorb more than half of the overall country allocation (MIP Lesotho, p. 11). In Tanzania, the EU delegation similarly expects to "rely heavily" on the EFSD+ in the implementation of the largest priority area, labelled "Green Deals", without specifying the anticipated share of the country allocation dedicated to blending operations (MIP Tanzania, p. 11). The lack of clarity about the expected scale of blending operations leaves uncertainty about the extent of adjustment needed to enable the EU development administration at the headquarters and country levels to integrate EFSD+ tools into country programmes and effectively monitor their implementation.

4.2 Priority areas for engagement

This section explores the potential areas of thematic emphasis in the EFSD+ that the MIPs reveal. Table A2 in the Annex provides an overall picture of the organisation of priority areas within the MIPs and whether the use of EFSD+ tools is explicitly considered in connection with their implementation. For all of the countries analysed, the EFSD+ is considered potentially relevant for at least one priority area. Overall, EFSD+ use is identified as a possibility for 67 of the 89 main priority areas outlined, three-fourths of the total.[4] The broad scope for possible EFSD+ implementation reflects the encouragement that EU delegations have received to identify areas of potential use, though statements on possibilities do not imply a commitment to implementing EFSD+ instruments within a given area. For example, the MIP for Mauritania explicitly states that the prospect of using the EFSD+ will be reviewed carefully during the implementation phase of two of the core priority areas dealing, respectively, with human development and governance, but at the same time considers EFSD+ use in these areas to be unlikely (MIP Mauritania).

Another finding from the general overview provided by Table A2 is that governance is a main theme for at least 15 of the 22 priority areas that do not intend to make use of the EFSD+. This suggests that the EFSD+ is less amenable to use in the governance sector than in productive sectors, considering that a general characteristic of blended finance operations is that they should be both economically viable and support a development rationale. However, many MIPs do consider governance as an area for the potential application of the EFSD+. For the Central

4 This calculation excludes "support measures" that include civil society support and funding for cooperation facilities. The MIPs for all countries in this analysis, with the exception of Lesotho, present three main priority areas. Lesotho's MIP proposes two.

African Republic, for example, the priority area dealing with governance is the only one where EFSD+ potential is named, in that case in connection with investment to support the digitalisation of public administration (MIP Central African Republic).

Table 5 presents a detailed overview of the sectors named as being potentially relevant for EFSD+ implementation. The categories reflect the main areas of blended finance and guarantee operations under the EFSD (European Commission, 2021b). They also correspond to the main investment windows that the European Commission has outlined as priority areas for targeted support in the context of the open investment component of the EFSD+. This is the part of the EFSD+ that falls outside of the EIB's exclusive mandate (European Commission, 2022a). There are six priority investment windows: 1) MSMEs, 2) Connectivity, 3) Sustainable Agriculture, Biodiversity, Forests and Water, 4) Sustainable Cities, 5) Human Development and 6) Sustainable Finance. The first window emphasises increasing the access to finance for MSMEs. The second window on connectivity provides an umbrella for stimulating investment in energy, transport and digital development. The third window encompasses varied dimensions of natural resource use and management. In the fourth window, urban governance and development are a focus, with particular attention being given to municipal water and waste management initiatives. The fifth window supports investments in health and other social sectors, building on earlier initiatives to facilitate vaccine production and delivery. Finally, the Commission bills the Sustainable Finance window as a cross-cutting window that supports thematic objectives by enabling the wider use of financial instruments such as green bonds or structured funds (European Commission, 2022a).

The summary of sectoral priority areas in Table 5 does not reflect the weight of financial commitments but only indicates whether sectors are mentioned in MIPs in connection with EFSD+ implementation. By this categorisation, energy and agriculture are the two priority areas that are most consistently identified across MIPs. The emphasis on renewable energy infrastructure in EU development financing represents the continuation of a longstanding priority. The widespread attention to agricultural investment could, however, present a departure from earlier practice. Although the potential of expanded use of the EFSD+ in the agricultural sector underlines the central place of agriculture in domestic economies in African LDCs, agriculture received limited investment under the EFSD. From 2017 to 2020, only 6 per cent of EU funding under the EFSD in Sub-Saharan Africa focussed on agriculture (European Commission, 2021b). The guarantee programmes approved by the EFSD+ operational board at the end of 2022 provide another indication of the sectoral emphasis of EFSD+ activities. Seventeen of the 40 guarantee programmes presented at this juncture relate to the MSME window, while a further 12 deal with connectivity, setting these priority areas apart from the other windows (European Commission, 2022b). The extent to which these guarantee programmes plan to emphasise investments in African LDCs is currently unclear.

Table 5: Potential sectoral priorities for EFSD+ implementation in African LDCs

	MSMEs	Connectivity			Sustainable agriculture, biodiversity, forests and water		Sustainable cities		Human develop-ment		Sustainable finance
	MSMEs	Energy	Transport	Digital	Agriculture	Environment	Water and sanitation	Other	Health	Education	Sustainable finance
Angola		X			X	X				X	X
Benin	X	X		X	X	X		X	X		X
Burkina Faso				X	X		X		X		X
Burundi	X	X			X		X		X		
Central African Republic				X							
Chad	X	X					X			X	X
Comoros	X	X		X	X		X				X
DRC		X			X	X	X		X		
Djibouti	X	X					X				
The Gambia			X		X	X	X	X			
Guinea	X	X	X	X	X	X	X				
Guinea-Bissau		X	X		X		X		X	X	
Lesotho	X	X					X				
Liberia					X	X					
Madagascar	X	X	X	X	X		X		X	X	
Malawi	X	X	X	X	X	X	X				
Mali	X	X		X	X	X					
Mauritania	X	X			X					X	X
Mozambique	X	X		X	X	X					
Niger	X	X			X		X			X	
Rwanda	X	X	X	X	X	X	X	X	X	X	
Sao Tome and Principe	X	X		X	X	X	X				
Senegal	X	X	X	X	X	X	X		X	X	X
Sierra Leone	X	X			X	X					
Somalia											
South Sudan		X			X				X	X	
Tanzania	X	X	X	X	X	X	X	X		X	X
Togo		X			X	X					
Uganda	X	X		X	X	X		X			X
Zambia	X	X		X	X	X	X				X
Total	20	25	8	15	25	17	18	5	9	10	10

Source: Author

Notes: The table is based on the author's review of the parts of MIP texts that specifically refer to the possible uses of the EFSD+.

Table 5 also suggests that MSME financing and support for water and sanitation projects are considered potential focal areas for EFSD+ tools in the majority of African LDCs. Potential support for sectors associated with human development objectives receive fewer mentions in the MIPs. The references in MIPs to health and education initiatives point to a variety of emphases even within these sectors. Activities associated with the health sector include support for vaccine platforms or the development of pharmaceutical industries (MIP Benin, MIP Senegal, MIP Rwanda). In the education sector, support for private educational institutions as well as the expansion of opportunities in the field of Technical and Vocational Education and Training are noted as possible uses for EFSD+ funds in several MIPs (MIP Angola, MIP Niger, MIP Rwanda, MIP Tanzania). For both the health and education sectors, financing for the construction or rehabilitation of social infrastructure, such as hospitals and schools, is another possible priority (MIP Guinea-Bissau, MIP Madagascar). The potential for different types of EFSD+ investments within sectors exists in individual countries. In the DRC, for example, hospital construction, pharmaceutical production and the development of private insurance schemes are all briefly listed as possible EFSD+ uses in the health sector (MIP DRC).

Although priorities linked to the category of "sustainable finance" may be difficult to distinguish from the general objective of the EFSD+ to attract additional investment in other priority areas, several MIPs point to the possibilities of using EFSD+ tools to encourage the expansion of specific forms of innovative financing. In Chad, the MIP mentions the prospect of exploring financing opportunities beyond DFIs by highlighting the potential role of social equity funds or angel investors (MIP Chad). In the Comoros, the MIP signals an interest in applying the EFSD+ to provide a vehicle for structuring funds stemming from diaspora remittances in order to channel these resources towards investment (MIP Comoros). Tanzania's MIP notes that the EFSD+ can possibly serve to stimulate venture capital as a means of increasing MSME access to financing (MIP Tanzania). Uganda's MIP foresees a role for the EFSD+ in fostering social impact investment to expand social service delivery, and it names green bonds as a financing approach that the EFSD+ can support to advance sustainability transitions (MIP Uganda). Finally, the MIP for Zambia similarly underlines the possibilities for further developing sustainable financing approaches, including green bonds, in support of a green growth agenda (MIP Zambia).

This account of sectoral priorities encompasses areas of potential emphasis and indicates that there is a wide menu of objectives for EFSD+ implementation. This reflects the broad scope of EU development cooperation within countries as well as an interest in acknowledging the relevance of the EFSD+ in addressing core objectives. It may also reflect a perception that diversifying interventions under the umbrella of the EFSD+ is a relevant strategy for managing risk. One challenge that this broad scope of action presents for EU delegations is that it places a demand on delegation staff working in varied sectors to gain an understanding of the mechanics of guarantees and blended finance to ensure that these instruments are well integrated with other components of the EU's cooperation portfolio and to facilitate oversight. The diversity of priorities pursued can also present a challenge for accumulating a sound knowledge base on the effectiveness of EU blended finance operations that draws on comparisons of similar interventions.

4.3 Specification of implementing partners

This section presents an overview of the information provided in the MIPs relating to the involvement of DFIs in EFSD+ implementation. As indicated in Section 3.1 above, the EFSD+ reflects a policy agenda that affords DFIs and the instruments they have at their disposal an increasingly important place in addressing EU development policy objectives. DFIs generally have dual mandates to promote both development objectives and the generation of financial returns on investments, and they also have strong capacities to mobilise resources from international capital markets (Garbacz et al., 2021). Their business models are thus closely aligned with blended finance rationales.

The definition of the opportunities available to different European DFIs in implementing EU development cooperation has been a key area for debate in discussions on the reform of the European Financial Architecture for Development. In this context, the EIB's exclusive mandates have been a particular area of contention (Erforth, 2020). In June 2021, the Council of the European Union presented conclusions on the future EFAD. These conclusions endorsed a "Status Quo Plus" approach that accepts the coexistence of diverse multilateral and bilateral DFIs within the EU finance landscape, but also aims to foster greater collaboration among them. To strengthen the linkages among DFIs, the approach calls for EU institutions to assume a more robust coordination role in providing policy guidance and overseeing implementation (Gavas & Pérez, 2022).

Table 6 lists the DFIs that MIPs identify as potentially contributing to the implementation of the EFSD+. The list of DFIs includes the key implementing partners for EFSD guarantees and blending operations (European Commission, 2021b). DFIs play a central role in creating demand for the deployment of EFSD+ tools by submitting proposals indicating how their range of activities can be expanded with EFSD+ support.

Although this review only provides a hint of how DFIs will be involved across countries because the weight of their engagement is not elaborated, the summary points to several tentative conclusions. In eight of the MIPs reviewed, no DFIs are specifically mentioned in connection with the EFSD+ component of the country programme. In a few of these cases (DRC, Somalia, South Sudan), the limited perceived potential for the deployment of EFSD+ instruments in the period covered by the country strategy offers an obvious explanation for this.

The EIB is the DFI that is most consistently mentioned in connection with discussions on EFSD+ implementation, having a potential role in 18 of the analysed countries. In contrast, only Benin's MIP includes a direct reference to cooperation with the European Bank for Reconstruction and Development (EBRD). It is mentioned as a potential partner for EFSD+ implementation in initiatives relating to renewable energy and resilient infrastructure, and it is one of many DFIs listed as a possible partner in Benin (MIP Benin). The limited attention to the EBRD is not surprising, given that Sub-Saharan Africa falls outside of the EBRD's core geographic mandate. The European Neighbourhood will be the focus of EBRD involvement in EFSD+ implementation. Although the EBRD has taken steps to expand its engagement on the African continent, one important constraint it faces is its lack of field offices in this region (EBRD Evaluation Department, 2022).

The Agence Française de Développement (AFD) and the KfW Development Bank (KfW) receive more mentions than other bilateral DFIs in the MIPs reviewed in this analysis. Engagement in Africa is a geographical focus for both entities, and they are key bilateral actors with longstanding engagement in EU development policy (Bilal, 2021). AFD is the central operational actor in the French development cooperation system implementing a mixture of modalities. KfW's mandate focusses on the implementation of financial cooperation within the German system (Erforth & Keijzer, 2022).

In contrast, the MIPs include fewer references to other organisations, including the Spanish Agency for International Cooperation and Development (AECID), the Spanish Development Finance Institution (COFIDES), the Netherlands Development Finance Company (FMO) and the Italian development finance institution Cassa Depositi e Prestiti (CDP). The expected involvement of these organisations in the EFSD+ may be greater than the lack of direct referencing suggests, however, as some MIPs identify initiatives of interest rather than the DFIs that are involved in implementation. For example, the Gambia's MIP highlights the potential relevance of engaging with the Clean Oceans Initiative, a vehicle for financing projects to reduce plastic waste in the world's oceans (MIP Gambia). It was launched by the EIB in partnership with AFD and KfW, but now also includes CDP, the Spanish organisation Instituto de Crédito Oficial (ICO) and the EBRD as financing partners (European Investment Bank, 2022). The MIPs for Burundi, Mauritania and Togo highlight potential engagement with the AgriFi and ElectriFi initiatives (MIP Burundi, MIP Mauritania, MIP Togo) (EDFI AgriFi, s.a.; EDFI ElectriFi, s.a.).

These impact investment initiatives are both managed under the aegis of the Association of bilateral European Development Finance Institutions (EDFI) in partnership with the FMO, one of EDFI’s 15 member organisations. Across the MIPs, the possibilities for engagement with DFIs that are not already in dialogue with the EU delegation or a part of initiatives of interest are rarely noted. An exception is in the MIP for Burkina Faso, where the consideration of guarantees provided by DFIs without a presence in the country is identified as one intended element of technical assistance (MIP Burkina Faso).

Table 6: Potential EFSD+ implementation partners in African LDCs

	Multilateral					Bilateral							
	EIB	EBRD	AfDB	IFC/ WB	Other	AECID	AFD	CDP	COFIDES	FMO	KfW	Proparco	Other
Angola	X				X		X				X		X
Benin	X	X		X		X	X	X	X	X	X	X	
Burkina Faso													
Burundi	X		X	X			X				X		
Central African Republic													
Chad	X		X			X		X		X		X	
Comoros	X						X						
DRC													
Djibouti													
The Gambia													
Guinea	X		X	X			X					X	X
Guinea-Bissau	X												
Lesotho	X												
Liberia	X												
Madagascar	X		X				X						
Malawi													
Mali													
Mauritania													
Mozambique	X						X				X		
Niger	X									X	X	X	
Rwanda	X						X				X		
São Tomé and Principe	X												
Senegal	X						X				X		X
Sierra Leone									X	X	X		
Somalia													
South Sudan													
Tanzania						X				X		X	
Togo	X												
Uganda	X		X				X				X		
Zambia	X												
Total	18	1	5	3	1	3	10	2	2	5	9	5	3

Source: Author, based on the review of EFSD+ references in the MIPs

Notes: The table is based on the author’s review of the parts of the MIP texts that specifically refer to the possible uses of the EFSD+.

Beyond their potential role in the implementation of the EFSD+, DFIs have other possible areas of interaction with EU delegations at the country level. Organisations including the World Bank, the African Development Bank (AfDB), the EIB, AFD and KfW are sources of co-financing for EU projects, for example. As entities with sources of financing other than the EU, DFIs also shape the context for cooperation through the projects they fund with their own resources. Monitoring of EFSD+ implementation can consider whether and how expanded DFI engagement with the EU under the EFSD+ umbrella contributes to the increased coherence between EU priorities and the broader spectrum of activities that DFIs undertake in partner countries.

4.4 EFSD+ complementarity with other EU instruments

The concept of complementarity is relevant in development cooperation planning as a way of summarising an interest in limiting duplication and ensuring that interventions reinforce core objectives. It can be defined in relation to levels of action, the activities of specific actors or the choice of modalities. The NDICI-Global Europe programming guidelines highlight the need for complementarity between regional and country programmes as well as complementarity between geographic and thematic programmes, for example. Within country programmes, EU delegations are expected to ensure that the priority areas for action they identify are complementary and coherent with other EU policy instruments, with an aim of promoting an integrated approach (European Commission & European External Action Service, 2020).

Overall, the MIPs reviewed for this paper focus more on elaborating how specific challenges in a given country inform the EU’s choice of priorities and on identifying key indicators of progress in relation to these priorities than they focus on outlining rationales for the selection of a particular mix of modalities. The EU has the potential to implement cooperation using a variety of modalities. General or sectoral budget support provided to partner governments, grants to CSOs and delegated cooperation agreements with international organisations are among the options beyond the tools that the EFSD+ provides. The EFSD+ has a special status within the MIPs reviewed because there is generally a separate section following the description of key EU priority areas that identifies the potential role of EFSD+ tools in contributing to a given priority area. These sections typically do not justify the choice of the EFSD+ in relation to other modalities, however. Still, the review of the content of MIPs points to three areas where the concept of complementarity is relevant. These areas concern the relationship between the EFSD+ and measures supporting policy reform, EU support for the implementation of key EFSD+ objectives through alternative channels and the complementary character of activities implemented by European DFIs outside of the EFSD+.

The EU External Investment Plan acknowledged the necessity of support measures in expanding the use of blended finance and guarantees provided under the EFSD umbrella. The EIP included a technical assistance component to support project development and an investment climate component prioritising policy dialogue to foster improved framework conditions for business (European Commission, 2021b). The implementation report on the EFSD indicated that policy dialogue was only an explicit component of one-fourth of the EFSD projects reviewed, highlighting the potential to better integrate policy reform goals in project objectives and link projects to other forms of EU support (BKP, 2020). The report also signalled that the wider use of guarantees could pose additional challenges in linking projects to policy dialogue due to the centralised character of decision-making (BKP, 2020). Technical assistance to support investment climate improvements via analysis, public–private dialogue and capacity-building to promote policy reforms has been a significantly more important funding area in the context of the EIP compared to technical assistance related to project development (Gavas & Pleeck, 2022). Between 2018 and 2020, the EU contributed EUR 2.2 billion towards investment climate support in Sub-Saharan Africa as part of the EIP (European Commission, 2021b).

The linkages between policy reforms to strengthen the business and investment environment and the viability of EFSD+ tools are evident in numerous MIPs. As an example, the MIP for Mali highlights the multidimensional character of efforts to improve the business climate, noting that addressing this objective encompasses efforts on issues such as tax and budget reform, tackling corruption and improving the functionality of public–private dialogue structures in addition to expanding firms' access to financing. The use of budget support is viewed as one possible means of supporting public–private dialogue in this setting (MIP Mali). In Malawi, the EU expresses an interest in supporting the development of a regulatory framework that encourages competition in the renewable energy sector along with its interest in providing infrastructure financing in this sector through the EFSD+ (MIP Malawi). The MIP for Lesotho highlights support for addressing challenges in sector governance related to natural resource management as a key EU priority alongside infrastructure financing (MIP Lesotho). Presenting lessons learnt from EU efforts to expand renewable energy access, the MIP for Mozambique stresses the relevance of capacity-building for public and private actors, policy dialogue and legal reforms as factors paving the way for investment (MIP Mozambique). Though the near-term potential for EFSD+ implementation in South Sudan is low due to security, governance and financial sustainability challenges, its MIP indicates that substantial technical assistance, policy advocacy and public–private dialogue would be needed in order to make use of EFSD+ tools (MIP South Sudan).

These illustrations underline the role that interventions beyond the EFSD+ toolbox play in shaping the political and economic framework conditions that guide investment decisions as well as the prospects for expanding EFSD+ use in challenging settings. One question this raises is whether the need for support measures to advance the EFSD+ agenda diverts EU resources from other country-level priorities. Another question is what kind of sequencing of interventions the role of policy reform as a foundation for expanded investment implies. The MIPs generally do not provide an indication of the implications of EFSD+ use for resource commitments to other instruments. As one indication of this, prospective technical assistance linked to the EFSD+ is specifically mentioned in only one-fifth of the MIPs reviewed in the analysis in connection with indicative allocations for "support measures" (see Table A2 in the Annex).

While the above examples identify types of interventions outside of the EFSD+ framework that can serve a different – but reinforcing – purpose in relation to EFSD+ tools, the review of MIPs also points to the potential that the EU funds interventions beyond the EFSD+ that offer an alternative means of addressing similar goals. In Angola, for example, the MIP identifies partnerships with CSOs – a broadly defined category that includes business associations, social partners and research organisations, among others – as a means of assisting MSMEs on issues related to skills, standards and access to financing (MIP Angola). Outlining deficits in rural energy access, the MIP for Benin notes the role of support for CSOs to enable participation in sectoral policy dialogue and engage in innovative pilot initiatives to expand energy access (MIP Benin). General support to CSOs in that country seeks to enable experimentation with new approaches in areas including sustainable agriculture and digitalisation as an alternative to public- and private-sector approaches in recognition of the potential advantages of these organisations in reaching vulnerable populations (MIP Benin). Although such support is likely to be provided on a smaller scale, overlaps with respect to the goals and intended beneficiaries in relation to the EFSD+ could provide a basis for comparison of the different approaches as a means of clarifying the added value and impact of EFSD+ tools.

A final aspect of EFSD+ complementarity relates to the varied roles that DFIs can play in a given country as implementation partners for the EFSD+, implementers for forms of EU cooperation beyond the EFSD+ and actors fulfilling mandates that originate outside of the EU. Discussing the potential for further investment in renewable energy, the MIP for Guinea draws attention to the existing strong engagement of the EIB and AFD in the energy sector in the country, which is qualified as often involving a partnership with the EU (MIP Guinea). For AFD, cooperation with the EU in the country in the water and sanitation sector includes a role as an implementer of EU funds, together with the Belgian organisation Enabel, as well as a role as a potential contributor to a major urban water project that the EU names as a possible area of engagement for blending operations. The blending initiative has the potential to reinforce the partnership between AFD and the EU. However, the MIP also signals that a wider range of financial institutions could participate in the large-scale project (MIP Guinea).

Taken together, these different aspects of complementarity all point to the importance of using the programming process to situate the expected contribution of the EFSD+ to country programmes in a broader context in order to demonstrate its added value.

5 The EFSD+ in the regional programme for Sub-Saharan Africa

As noted in Sections 2.2 and 3.2, the implementation of blended finance and guarantees often has a cross-country component. Blending projects can support transnational infrastructure development such as the development of transport corridors or the expansion of electricity grids. The wider geographical coverage of guarantee facilities constitutes a means of distributing and mitigating risks. This section briefly reviews the place of the EFSD+ in the MIP for Sub-Saharan Africa to identify expectations on its possible use in support of regional cooperation objectives.

The MIP for Sub-Saharan Africa outlines potential contributions of the EFSD+ in the elaboration of the main priority areas and also contains a separate section that identifies the rationale for deploying EFSD+ tools and specifies EFSD+ funding commitments. The MIP reserves EUR 1.45 billion for EFSD+ operations, of which EUR 1 billion is specifically reserved for the provisioning of the EAG, with another EUR 250 million earmarked for technical assistance. The remainder of these funds appears to refer to grant assistance provided to blending operations under the EFSD+ umbrella. The MIP also proposes a division of funds to provision the guarantee, showing a strong preference for private-sector and commercial sub-sovereign guarantees (reflecting 80 per cent of the allocation) over sovereign and sub-sovereign non-commercial guarantees (20 per cent of the allocation). This preference follows from an assumption that the provisioning of sovereign guarantees will mainly come from country programmes. Measures to support green transitions are foreseen as the single largest financing area, representing half of the allocation to private-sector and commercial sub-sovereign guarantees (MIP Sub-Saharan Africa, p. 53). The MIP indicates that debt sustainability and fiscal balance, along with the investment climate, are key factors that will guide investment decisions under the EFSD+.

As Table 7 indicates, the EFSD+ is viewed as a relevant implementation tool across five of the six main priority areas identified in the MIP. The exception is the second priority area, which prioritises action to foster democratic governance, promote human rights and reduce conflict on the continent. Across the priority areas, EFSD+ investment emphases will likely include support for different types of infrastructure development and the provision of credit to companies active in areas including the health care and agricultural sectors. In contrast to many country MIPs, the regional MIP does not identify specific DFIs as potential implementing partners for the EFSD+ (MIP Sub-Saharan Africa).

Table 7: Overall priority areas, anticipated allocations and possible uses of the EFSD+ in the regional programme for Sub-Saharan Africa

Priority area	EUR mil.	% of total	EFSD+ potential	Examples of possible uses
1 Human development	880	8.6%	YES	Investments in biotech, pharma, health care technology sectors
2 Democratic governance, peace and security, culture	855	8.3%	NO	Not applicable
3 Green transition	2,100	20.5%	YES	Investments in infrastructure, agri-food sector, natural capital
4 Digital and science, technology and innovation	1,240	12.1%	YES	Digital infrastructure investments linked to Digital 4 Development (D4D) platform
5 Sustainable growth and decent jobs	1,830	17.9%	YES	Transport infrastructure, access to finance for trade, MSME access to finance
6 Migration and forced displacement	1,600	15.6%	YES	Not specified
EFSD+	1,450	14.2%		
Support measures	287	2.8%		
TOTAL	10,242	100.00%		

Source: Author, based on data in the MIP for Sub-Saharan Africa

Notes: The volume of support for the EFSD+ in this table is reported differently from figures presented on the EFSD+ in the financial overviews for country MIPs. The country MIPs only reference funding amounts to provision the EFSD+ guarantee while the regional MIP covers additional forms of support under the EFSD+ umbrella.

6 Conclusions

Challenging political and economic environments in African LDCs have limited the attractiveness of these countries to international investors. The EFSD+ aims to address massive investment needs in these settings by expanding the use of guarantees and blended finance as mechanisms for adjusting the risks that DFIs and their partners face in providing financing. The EFSD+ involves a scaling-up and integration of pre-existing initiatives, and it provides a means of expanding access to finance and investment for a variety of sovereign, sub-sovereign and private-sector actors. As a major component of NDICI-Global Europe, exploring the role of the EFSD+ on the EU’s development cooperation agenda and identifying how it shapes EU cooperation on the ground is highly relevant. This paper has had a descriptive orientation, focussing on the intentions that EU delegations have stated about the potential use of the EFSD+. This emphasis limits the nature of conclusions that can be drawn about EFSD+ performance. The analysis nevertheless highlights several issues that should be considered during future monitoring of EFSD+ implementation.

An important development associated with NDICI-Global Europe programming was to foster coherence among EU cooperation tools by integrating the EFSD+ into the geographic programming process. Descriptive information on the anticipated scale, possible priorities and potential implementation partners provided in the MIPs offers a useful starting point for understanding the shifts in EU cooperation that the EFSD+ represents.

As strategic documents, the MIPs reflect intentions that might not be realised. To analyse the consequences of the EFSD+ for country-level cooperation, it will be relevant to examine unfolding experiences in partner countries such as Niger, Tanzania, Uganda and Rwanda, which have the highest volume of funding allocated to the provisioning of the EAG – allocations that represent a comparatively large share of their overall country portfolios. Beyond these cases, the analysis of countries with smaller EU cooperation portfolios – including Benin and Lesotho, where the EFSD+ is also expected to take on an important role – could also be fruitful in understanding the practical implications of the growing footprint of the EFSD+. The mapping of financial commitments to the EFSD+ across African LDCs also raises questions about the criteria that have been applied to determine the anticipated scale of EFSD+ operations. The 30 countries reviewed in this analysis have diverse characteristics, but many face common challenges on issues such as governance or levels of indebtedness. The variations in EFSD+ commitments could signal that certain preconditions are acknowledged as essential before the EFSD+ can be scaled up in LDCs. The European Commission can therefore use the variations in the initial uptake of the EFSD+ in country programmes as a basis for making the conditions for its expanded use more explicit.

The review of potential sectoral priorities underlines that the EFSD+ reflects core EU policy objectives related to promoting green transformation, digitalisation and private-sector development. Some areas, such as investments in renewable energies, reflect a reinforcement of existing priorities for blended finance and guarantees, while the perceived added emphasis on agriculture and natural resource management represents an expansion to new areas. The wide range of policy areas that the EFSD+ covers places demands on the European External Action Service and the European Commission to ensure that knowledge about how guarantees and blended finance function as well as how these financing approaches interact with other types of interventions is increased throughout the development cooperation management system. At the same time, the linkage of the EFSD+ to diverse sectors should also encourage reflection on how existing sectoral expertise at the headquarters level and in the field can enrich the design and implementation of the EFSD+ and anchor choices to make use of its tools in a holistic development approach.

The need to improve how the EFSD+ is integrated into country programmes is underscored by the central role that policy dialogue plays in promoting reform and enhancing the political and economic framework conditions, which are an important determinant of investment decisions. One key aspect to monitor as EFSD+ implementation proceeds is how funding for policy dialogue associated with grant-based aid is preserved in the context of shifts in geographic allocations to make use of the opportunities that guarantees and blended finance present. As Section 4.4 indicated, policy dialogue to support improvements in governance, the investment climate, and legal and regulatory frameworks in individual sectors is an EU priority across many African LDCs. Such measures can also serve an enabling function for the wider deployment of EFSD+ tools. On the one hand, monitoring investments in policy dialogue to support an enabling environment for the EFSD+ is relevant in order to understand the relationship between these forms of support and how each type of instrument influences the success of the other. On the other hand, resources committed to policy dialogue in support of the EFSD+ agenda could potentially divert resources from other country priorities. This possibility adds uncertainty about the true scale of intended activities at the country level connected with EFSD+ implementation in light of the limited clarity on the anticipated scope of blended finance operations. Further clarification of the resources committed to enable EFSD+ operations separate from its financing tools will be useful to provide an indication of the full extent of adaptation challenges that the EU development administration faces in implementing this agenda.

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Annex

Table A1: List of LDCs by world region

Africa				
Angola	Democratic Republic of the Congo*	Lesotho	Niger*	Sudan*
Benin*	Djibouti	Liberia*	Rwanda*	Togo*
Burkina Faso*	Eritrea*	Madagascar*	São Tomé and Principe*	Uganda*
Burundi*	Ethiopia*	Malawi*	Senegal*	United Republic of Tanzania*
Central African Republic*	The Gambia*	Mali*	Sierra Leone*	Zambia*
Chad*	Guinea*	Mauritania*	Somalia*	
Comoros*	Guinea-Bissau*	Mozambique*	South Sudan	
Asia				
Afghanistan*	Bhutan	Lao People's Democratic Republic	Nepal	Yemen
Bangladesh	Cambodia	Myanmar	Timor-Leste	
Pacific				
Kiribati	Solomon Islands	Tuvalu		
Caribbean				
Haiti*				

Source: Author, based on UN DESA (s.a.-b)

Notes: The LDCs that are also classified as heavily indebted poor countries (HIPCs) are marked with an asterisk. Source: World Bank (s.a.)

Table A2: Potential use of EFSD+ across key priority areas in country programmes

Country	Name of priority area	Amount (EUR mil.), 2021-2024	% of total	EFSD+ potential
Angola	Sustainable economic diversification	137.5	50%	YES
	Transparent, accountable and effective governance	55	20%	YES
	Human development	55	20%	YES
	Support measures	27.5	10%	NO
	Total	275		
Benin	Capital naturel et humain	63.75	25%	YES
	Croissance économique verte et numérique	102	40%	YES
	Société prospère et sûre	76.5	30%	YES
	Mesures d'appui	12.75	5%	NO
	Total	255		
Burkina Faso	Paix -Cohésion sociale - Bonne gouvernance - Développement local	115.2	30%	YES
	Développement humain inclusive	115.2	30%	YES
	Économie verte et résiliente	134.4	35%	YES
	Mesures de support	19.20	5%	YES
	Total	384		
Burundi	Croissance inclusive, verte, durable et créatrice d'emploi	55	28.35%	YES
	Développement humain et services de base	104	53.61%	YES
	Bonne gouvernance et Etat de droits	25	12.89%	YES
	Appui à la société civile	7	3.61%	NO
	Mesures de support	3	1.55%	YES
	Total	194		
Central African Republic	Paix, Sécurité, Justice et Gouvernance	57	33.10%	YES
	Développement humain	51.5	30%	NO
	Transition verte	57	33.10%	NO
	Mesures de support	6.5	3.80%	YES
	Total	172		
Chad	Gouvernance, démocratisation, paix et sécurité	70	25%	NO
	Développement humain inclusive	84	30%	YES
	Pacte vert	112	40%	YES
	Mesures d'appui	14	5%	NO
	Total	280		

Comoros	Pacte vert et bleu	18.4	40%	YES
	Croissance et emplois	16.1	35%	YES
	Gouvernance	7.5	16.30%	YES
	Mesures d’appui	4	8.70%	NO
	Total	46		
Democratic Republic of Congo	Gouvernance, paix et sécurité	64	15%	NO
	Développement humain	169	40%	YES
	Alliance pour le développement durable	168	40%	YES
	Mesures d’appui	23	5%	YES
	Total	424		
Djibouti	Ville propre et résiliente	42	77.80%	YES
	Institutions fortes	4	7.40%	NO
	Jeunesse avec perspectives et génératrice de croissance	4	7.40%	NO
	Mesures d’appui	4	7.40%	NO
	Total	54		
The Gambia	Promoting good governance	45	38.0%	NO
	Green economy for sustainable growth and jobs	33	28.0%	YES
	Human development	38	32.0%	YES
	Support measures	3	2.0%	YES
	Total	119		
Guinea	Transition et économie verte	81	33.9%	YES
	Développement Humain	69	28.9%	YES
	Démocratie, gouvernance et gestion de la migration	77	32.2%	YES
	Mesures d’appui	12	5%	NO
	Total	239		
Guinea-Bissau	Human development	38	33.9%	YES
	Green and inclusive economy	44	39.3%	YES
	Good governance and stability	20	17.9%	NO
	Support measures	10	8.9%	NO
	Total	112		
Lesotho	Green and resilient economy	63	76.0%	YES
	Good governance, peaceful and just society	12	14.0%	NO
	Support measures	8	10.0%	NO
	Total	83		

Liberia	Enhancing and preserving natural resources for sustainable growth	46	24.0%	YES
	Promoting decent jobs and inclusive growth	85	45.0%	YES
	Improving financial and democratic governance	48	25.0%	NO
	Support measures	12	6.0%	NO
	Total	191		
Madagascar	Gouvernance et développement humain	97.5	30.0%	YES
	Croissance durable et emplois	97.5	30.0%	YES
	Pacte vert	113.75	35.0%	YES
	Mesures d'appui	16.25	5.0%	NO
	Total	325		
Malawi	Green and resilient economic transformation	155	44.0%	YES
	Democratic and economic governance	60	17.0%	NO
	Human development and social inclusion	120	34.0%	NO
	Support measures	17	5.0%	NO
	Total	352		
Mali	Amélioration du Fonctionnement de l'État	150	40.21%	YES
	Création d'emplois favorisant l'économie verte	135	36.2%	YES
	Réponse aux besoins humains essentiels/de base	82	21.98%	YES
	Mesures d'appui	6	1.6%	NO
	Total	373		
Mauritania	Renforcement du développement humain	40	32.0%	YES
	Transition vers une économie verte et bleue	43.75	35.0%	YES
	Gouvernance	35	28.0%	YES
	Mesures d'appui	6.25	5.0%	NO
	Total	125		
Mozambique	Growing green	150	35.0%	YES
	Growing youth	163	38.0%	YES
	Governance, peace and a just society	94	22.0%	NO
	Support measures	21	5.0%	NO
	Total	428		

Niger	Gouvernance	192	38.0%	YES
	Education et Formation Professionnelle	99	20.0%	YES
	Croissance et Economie Verte	198	39.0%	YES
	Mesures d’appui	14	3.0%	NO
	Total	503		
Rwanda	Education, skills and jobs for the youth in the digital age	83	32.0%	YES
	A Green Deal for inclusive development	116	44.0%	YES
	Political and economic governance	51	20.0%	YES
	Support measures	10	4.0%	NO
	Total	260		
São Tomé and Príncipe	Gouvernance et démocratie	1.95	15.0%	YES
	Transition verte	3.9	30.0%	YES
	Développement humain	5.85	45.0%	YES
	Mesures d’appui	1.3	10.0%	NO
	Total	13		
Senegal	Croissance verte et inclusive pour la création d’emploi	115	52.0%	YES
	Développement du capital humain	66	30.0%	YES
	Bonne Gouvernance	31	14.0%	NO
	Mesures d’appui	10	4.0%	NO
	Total	222		
Sierra Leone	Green economy	122.5	50.0%	YES
	Human development	61.25	25.0%	NO
	Governance	36.75	15.0%	NO
	Support measures	24.5	10.0%	YES
	Total	245		
Somalia	Governance and peacebuilding	64.5	25.0%	NO
	Inclusive and green economic growth	103	40.0%	YES
	Resilience building and social inclusion	64.5	50.0%	NO
	Support measures	25	10.0%	NO
	Total	257		
South Sudan	Green and resilient economy	83.2	40.0%	YES
	Human development	62.4	30.0%	YES
	Good governance, peace and the rule of law	52.0	25.0%	NO
	Support measures	10.40	5.0%	NO
	Total	208.0		
Tanzania	Green deals	191	45.0%	YES

	Human capital & employment	107	25.0%	YES
	governance	107	25.0%	YES
	Support measures	21	5.0%	NO
	Total	426		
Togo	Appuyer le développement humain et l'inclusion socio-économique	50.75	35.0%	YES
	Soutenir les agro-industries durables et la gestion des ressources naturelles	50.75	35.0%	NO
	Accompagner la consolidation d'une société apaisée et résiliente au Togo	29	20.0%	NO
	Mesures d'appui	14.5	10.0%	NO
	Total	145		
Uganda	Green and climate transition	94	25.0%	YES
	Sustainable and inclusive growth and jobs	168	45.0%	YES
	Democratic governance and social inclusion	94	25.0%	YES
	Support measures	19	5.0%	NO
	Total	375		
Zambia	Green partnerships for sustainable recovery, growth and decent jobs	191.3	64.0%	YES
	Supporting the people of Zambia to reach their potential and build resilience	65.9	22.0%	YES
	Fair, inclusive and peaceful society	35.8	12.0%	NO
	Support measures	6	2.0%	NO
	Total	299	100%	

Source: Author, based on the "financial overview" tables in the MIPs as well as information on possible uses of the EFSD+ appearing in the body of the MIPs

Table A3: List of document names for MIPs for African LDCs and Sub-Saharan Africa

Angola	Republic of Angola. Multi-annual Indicative Programme 2021-2027
Benin	République du Bénin – Union Européenne. Programme Indicatif Pluriannuel 2021-2027
Burkina Faso	Burkina Faso – Union Européenne. Programme Indicatif Multi-annuel 2021-2027
Burundi	Programme Indicatif Multiannuel 2021-2027 pour le Burundi
Central African Republic	République centrafricaine. Multi-annual Indicative Programme 2021-2027
Chad	Programme Indicatif Multiannuel 2021-2027 en faveur de la République du Tchad
Comoros	Union des Comores. Programme indicatif pluriannuel 2021-2027
DRC	Programme Indicatif Pluri-annuel 2021-2027. République Démocratique du Congo
Djibouti	Programmation Conjointe de l'Union Européenne et des États Membres de l'Union Européenne à Djibouti 2021-2027
The Gambia	Republic of the Gambia. Multi-Annual Indicative Programme 2021-2027
Guinea	République de Guinée. Programme Indicatif Multi annuel 2021-2027
Guinea-Bissau	Republic of Guinea-Bissau. Multiannual Indicative Programme 2021-2027
Lesotho	Kingdom of Lesotho. Multi-Annual Indicative Programme 2021-2027
Liberia	Republic of Liberia. Multiannual Indicative Programme 2021-2027
Madagascar	République de Madagascar. Programme indicatif pluriannuel 2021-2027
Malawi	Republic of Malawi. Multi-Annual Indicative Programme 2021-2027
Mali	Programmation Conjointe Européenne au Mali 2020-2024
Mauritania	République Islamique de Mauritanie. Programme Indicatif Pluriannuel 2021-2027
Mozambique	Republic of Mozambique. Multi-annual Indicative Programme 2021-2027
Niger	Programme Indicatif Multiannuel 2021-2027 en faveur de la République du Niger
Rwanda	Republic of Rwanda. Multi-annual indicative programme 2021-2027
São Tomé and Príncipe	Programme Indicatif Multi-annuel. République Démocratique de São Tomé-et-Príncipe 2021-2027
Senegal	Document de Stratégie Conjointe EU - Sénégal 2018-2023 (révisé pour 2021-2023)
Sierra Leone	Republic of Sierra Leone. Multi-Annual Indicative Programme 2021-2027
Somalia	Multi-annual Indicative Programme 2021-2027. Federal Republic of Somalia

South Sudan	Multiannual Indicative Programme for the Republic of South Sudan 2021-2027
Tanzania	The United Republic of Tanzania. Multiannual Indicative Programme 2021-2027
Togo	Document Conjoint de Programmation. Coopération européenne au Togo 2021-2027
Uganda	Republic of Uganda. Multi-annual Indicative Programme 2021-2027
Zambia	Republic of Zambia. Multi-Annual Indicative Programme 2021-2027
Sub-Saharan Africa	Sub-Saharan Africa Multi-Annual Indicative Programme 2021-2027

Source: MIPs are accessible from the Commission website (see European Commission, s.a.)