STUDY

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European Parliament

The implementation of EFSD+ operations from an inclusive perspective

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ABSTRACT

By providing guarantees and subsidies for loans as well as capital investments, the European Fund for Sustainable Development Plus (EFSD+) is expected to contribute to inclusive development and related goals such as inclusive growth, poverty eradication, the reduction of socio-economic inequalities and support to vulnerable groups. This study analyses how this inclusive approach by the EFSD+ is being applied in practice. It examines data on implementation of the European Fund for Sustainable Development (EFSD), EFSD+'s predecessor, to present the challenges and opportunities of using reimbursable aid for promoting inclusive development. Data analysis is further complemented with case studies on concrete investments in three EU partner countries: Ghana, Jordan, and Zambia. Information available on the functioning of the EFSD+ Open Architecture, including a list of Proposed Investment Programmes, is then analysed to shed light on how the EFSD+ inclusive approach improves upon that of the EFSD. This analysis focuses on the allocation of funds across sectors, countries and channels, as well as the definition and measurement of inclusive development outcomes, along with the prevention of unintended negative impacts. It is concluded that inserting the EFSD+ into EU aid's overall programming *is* enhancing its inclusive approach, but actual results still need to be produced and reported. The study concludes with some recommendations for the European Parliament to use its scrutiny capacities to improve still further the reporting of the EFSD+ inclusive development outcomes.

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List of abbreviations

AECID	Spanish Agency for International Development Cooperation - Agencia Española de Cooperación Internacional para el Desarrollo
AFD	French Development Agency - Agence Française de Developpement
AfDB	African Development Bank
CDP	Cassa Depositi e Prestiti
COFIDES	Compañía Española de Financiación del Desarrollo
COVAX	COVID-19 Vaccines Global Access
DEG	German Development Finance Institution - Deutsche Investitions- und Entwicklungsgesellschaft
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDFI	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
EP	European Parliament
ESG	Environmental, Social and Governance
EU	European Union
FMO	Dutch Entrepreneurial Development Bank - Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
GEFF	Green Economy Financing Facility
GNI	Gross national income
HDX	Accelerating Human Development
HIPC	Heavily Indebted Poor Country
IPA	Instrument for Pre-accession Assistance
LDC	Least Developed Country
MC	Management Company
MFF	Multiannual Financial Framework
MFI	Microfinance Institutions
MFW	Microfund for Women
MSME	Micro Small and Medium Enterprise

NDICI-GE	Neighborhood Development and International Cooperation Instrument – Global Europe
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PIP	Proposed Investment Programmes
PROPARCO	French Société De Promotion Et De Participation Pour La Coopération Economique
ReMF	Result Management Framework
SDG	Sustainable Development Goal
SME	Small and medium-sized enterprises
TOSSD	Total Official Support to Sustainable Development
UEMF	Université Euro-méditerranéenne de Fès
UN	United Nations
USA	United States of America

Executive Summary

The European Fund for Sustainable Development Plus (EFSD+) is a financial instrument under the Neighbourhood, Development and International Cooperation Instrument-Global Europe (NDICI-GE). It aims to mobilise financial resources from the private sector for economic development projects in partner countries. EFSD+ supports investments to achieve sustainable development goals and inclusive development, including poverty eradication, reduction of inequalities and support for vulnerable groups. **This study assesses the implementation of EFSD+, and its predecessor the European Fund for Sustainable Development (EFSD), to understand how such an inclusive approach applies in practice.** The research analyses data from annual reports, concrete investments in partner countries, as well as relevant documents and legislation. It also collects inputs from key EFSD actors, including the European Commission (EC), the European Investment Bank and development finance institutions (DFIs).

The study's first section provides **background** information on EFSD+, highlighting the challenge of resource mobilisation in achieving Sustainable Development Goals (SDGs) and the need to shift from billions to trillions in development finance. The EFSD, predecessor of the EFSD+, was established in 2017 and is considered a key component in the EU's response to development finance challenges. By providing guarantees and subsidies for blended finance, it aimed to encourage investment in developing countries, while contributing to the rationalisation and coordination of European Union (EU) aid, as well as partnerships among European DFIs.

However, compared with its predecessor, EFSD+ is substantially larger and better integrated into the EU aid system. It relies on similar instruments but allocates resources under the overall **programming process of EU aid, following a 'policy first' principle**. The functioning of EFSD+ involves Open Architecture for guarantees in a series of priority investment windows, as well as blending projects decided within regional investment platforms. Collaboration amongst members of the European Financial Architecture for Development (EFAD) continues to increase with various joint initiatives, including AgriFI and ElectriFI, as well as the association of Joint European Financiers for International Cooperation. Overall, EFSD+ serves as an integrated financial package to mobilise resources for sustainable development, emphasising partnerships, coordination and the private sector's involvement in achieving development goals.

The study's second section acknowledges **previous debates** on financing development and the use of instruments combining reimbursable and non-reimbursable aid, as well as public and private engagement. One of the main questions raised in such debates is about the additionality of these tools *vis-à-vis* conventional banks. Development banks aim to finance investments that are crucial for development but may present high risks for conventional banks. While tools such as developmental guarantees and subsidised loans can mitigate these risks and mobilise investment flows, critics argue that development banks still prioritise financial soundness and profitability, which limits their impact on developing countries.

Previous analyses have also raised concerns about the actual impact of DFIs considering difficulties in measuring their effects, the challenge of involving the private sector in development finance and combining development objectives with commercial interests, the exclusion of small companies, as well as environmental and human rights issues related to multinational companies' operations in countries with weak regulations and limited oversight. In this context, the **research proposal** is presented as an assessment of how the EFSD+ inclusive approach is reflected in sectoral allocation, geographic allocation, channel allocation, orientation to development results and prevention of unintended negative impacts.

Research findings are then presented in section 4, with sub-section 4.1 discussing **sector allocation** in both EFSDs' portfolios, focusing on education, health and social protection. While most investments supported by the fund are directed towards infrastructure and private sector development, social sectors also attract a significant share of guarantees. The importance of COVID-19 responses is highlighted in connecting EFSD with health and more generally the evolving EFSD sector allocation, with increased focus on social sectors, not only by covering health but also education as priority areas in EFSD+ and Global Gateway initiatives.

Sub-section 4.2 focuses on the **geographic allocation** of resources in the context of the NDICI-GE Regulation. It stresses that priority is given to: the Least Developed Countries (LDCs); countries experiencing fragility or conflict; small island developing states; landlocked developing countries; and Highly Indebted Poor Countries. The EU and its Member States have committed to providing 0.7 % of gross national income as Official Development Assistance (ODA) by 2030, with 0.2 % specifically allocated to LDCs. Examples are provided of how EFSD resources have been channelled to LDCs, but it is noted that guarantees under EFSD and EFSD+ have faced difficulties in reaching priority countries such as LDCs. Furthermore, infrastructure projects for LDCs have been more common than investments targeting private sector development.

On this note, the study also emphasises the importance of reducing inequalities within countries. It mentions imbalances in regions and urban/national disparities in the countries being analysed. Based on actual examples, it is suggested that such imbalances should be addressed by refining each programme at country level, by setting up dialogue with key national actors and observers to target the most vulnerable regions effectively.

In sub-section 4.3 the study's focus turns to **channel allocation** in the EFSD+ inclusive approach, specifically in supporting private and cooperative sector development, with an emphasis on local companies and SMEs. Examples are provided of programmes that effectively reach out to small local businesses, target underserved segments and provide liquidity to small clients through local banks and microfinance institutions. However, drawing on guarantees data, it is highlighted that most programmes have broad target groups, focusing on innovation and technology development rather than inclusion, while cooperatives are not explicitly targeted, despite constituting a priority area for EFSD+ support. On this point, case studies suggest that in addition to commercial banks, EFSD+ could also be channelled through agricultural and rural development banks, microfinance institutions and credit unions/cooperatives in order to favour accessibility for small businesses and individual entrepreneurs. Additionally, it is suggested that the Micro, Small and Medium Enterprises (MSMEs) window should be broken down into sub-windows to improve the targeting of specific underserved populations and cooperatives.

Sub-section 4.4 looks at how **development impact** is sought for EFSDs, highlighting the importance of aligning investments with development priorities and measuring their impact on poverty reduction as well as sustainable development. It also recognises the ongoing progress in defining and measuring development outcomes under EFSD+, highlighting the alignment of investment portfolios with various SDGs: SDG 6 (clean water and sanitation); SDG 7 (affordable and clean energy); and SDG 9 (industry, innovation and infrastructure). Private sector development investments are more oriented towards SDG 8 (decent work and economic growth). The report also mentions specific projects in Ghana, Jordan and Zambia that align with their respective domestic development agendas.

Job creation is emphasised as one of the key development impacts of EFSD investments. However, the study does acknowledge difficulties in assessing the extent to which these programmes have created jobs for the poor, as specific data on project outcomes is not readily available. It emphasises the need for better measurement of development outcomes, including impact on poverty reduction, and mentions efforts by DFIs to incorporate result-based management approaches.

To address this challenge, the EC has developed a Result Management Framework under EFSD+. The Framework defines development outcomes, indicators and results chains for each intervention funded by EFSD+, though the EC has yet to make such information publicly available.

In sub-section 4.5, the **unintended negative effects** from investments are addressed. The study shows that EFAD partners employ various strategies to prevent unintended negative impacts on human rights, social issues and the environment. These strategies include the use of exclusion lists, environmental and social standards, due diligence procedures and grievance mechanisms. Exclusion lists are utilised to restrict certain companies or activities from receiving development finance.

Environmental and social standards are adopted by DFIs for activities and companies that are not excluded, enhancing Environmental, Social and Governance (ESG) responsibility within the various layers of intermediaries involved in implementing the allocation of Funds and linking ESG responsibility to additionality principles. Due diligence procedures ensure compliance with human rights, social and environmental responsibilities, while grievance mechanisms provide a platform for stakeholders to raise complaints or concerns.

Although all EFAD members follow similar patterns, there is a lack of standardised procedures and comprehensive follow-up for EFSD+ partners' compliance despite the importance of demonstrating the EU's reliability as a democratic development partner according to the Global Gateway. This strategy emphasises the need for democracies to deliver on global challenges and expects EFSD-funded investments to adhere to democratic values, transparency and high standards.

Based on this analysis, the following **recommendations** are presented for the European Parliament Development Committee's consideration during its scrutiny of NDICI-GE implementation and participation as observer in the EFSD+ Steering Committee.

(i) In order to enhance the EFSD+'s inclusive approach, it is recommended that the NDICI-GE target of 20 % of ODA allocation to social inclusion and human development also be applied to the EFSD+ and its Open Architecture. Although this target legally applies to the whole instrument, given a shared interest in exploring the possibilities of mobilising private sector investment towards inclusive development, such a target would provide incentives for social innovation and would facilitate reporting on application of the inclusive approach in private finance mobilisation.

(ii) Consequently, the current window structure should be slightly modified in order to facilitate follow-up of the NDICI social target. Within sustainable cities, investments in water and sanitation should be differentiated. Similarly, the broad and vague MSMEs window should be broken down into different sub-windows defined in terms of MSMEs' size and profile. For instance, one could focus on individual entrepreneurs and another could be dedicated to cooperatives in line with Annex V of the NDICI-GE Regulation that refers to cooperative and private sector development as the EFSD+ key support area.

(iii) EFSD+ reports should also shed light on the type and number of intermediaries that are connecting European DFIs with final beneficiaries, using categories of intermediaries that inform on outreach to underserved segments and key target groups. Such categorisation should include microfinance institutions, rural development banks, or credit unions and cooperatives, but also exclude those which are poorly connected.

(iv) Additionally, the EFSD+ strategic board should clarify its understanding of social protection, as a sector of the Human Development investment window and its strategy contributing to this sector through bankable projects.

(v) EFSD+ reports should follow up on least developed countries' participation by investment window and special attention should be provided for their involvement in the MSME window, as well as any factors enabling or limiting such involvement.

(vi) In middle income countries, application of the EFSD+ inclusive approach entails a focus on rural and impoverished areas within the country. This approach is already facilitated by the insertion of EFSD+

into national programming and could be further enhanced by differentiating in EFSD+ reporting investments located in economic poles from those targeting priority areas according to each EU Delegation and multiannual indicative programme.

(vii) The EC Result Management Framework should be made public in order to facilitate scrutiny on progress towards more strategic and accountable development finance.

(viii) Considering the level of importance given by Global Gateway to reflecting democratic values in EFSD+ investments, EFSD+ reporting could provide information on the application of ESG policies across different partners and programmes, contributing also to the standardisation of EU development finance practices. Such information could cover, inter alia, the reception and investigation of complaints as well as controversial cases that are not followed up jointly for the whole Fund.

(ix) Similarly, EFSD+ reporting could provide information about other progress made by DFIs to enhance its strategic and operational capacities to deliver against development plans based on the 'policy first' principle. This would include the deployment of capacity in the field and interaction with European Union Delegations.

Résumé exécutif

Le Fonds européen pour le développement durable Plus (FEDD+) est un instrument financier relevant de l'instrument de voisinage, de coopération au développement et de coopération internationale — Europe dans le monde (IVCDCI-Europe dans le monde). Il vise à mobiliser des ressources financières du secteur privé pour des projets de développement économique dans les pays partenaires. Le FEDD+ soutient les investissements visant à atteindre les objectifs de développement durable et de développement inclusif, notamment l'éradication de la pauvreté, la réduction des inégalités et le soutien aux groupes vulnérables. **Cette étude évalue la mise en œuvre du FEDD+ et de son prédécesseur, le FEDD (Fonds européen pour le développement durable), afin de comprendre comment une telle approche inclusive s'applique dans la pratique**. La recherche analyse les données des rapports annuels, les investissements concrets dans les pays partenaires, ainsi que la législation et les documents pertinents. Elle recueille également les contributions des acteurs clés du FEDD, notamment la Commission européenne (CE), la Banque européenne d'investissement et les institutions de financement du développement (IFD).

La première section de l'étude fournit des informations contextuelles sur le FEDD+, en soulignant le défi que représente la mobilisation des ressources pour atteindre les objectifs de développement durable (ODD) et la nécessité de passer de milliards à des billions dans le financement du développement. Le FEDD, prédécesseur du FEDD+, a été créé en 2017 et est considéré comme un élément clé de la réponse de l'Union européenne (UE) aux défis du financement du développement. En fournissant des garanties et des subventions pour les financements mixtes, il visait à encourager les investissements dans les pays en développement, tout en contribuant à la rationalisation et à la coordination de l'aide de l'UE, ainsi qu'aux partenariats entre les IFD européennes.

Toutefois, par rapport à son prédécesseur, le FEDD+ est nettement plus important et mieux intégré dans le système d'aide de l'UE. Il s'appuie sur des instruments similaires, mais alloue des ressources dans le cadre du **processus global de programmation de l'aide de l'UE, en suivant le principe de la « priorité aux politiques** ». Le fonctionnement du FEDD+ implique une architecture ouverte pour les garanties dans une série de secteurs d'investissements prioritaires, ainsi que des projets mixtes décidés dans le cadre de plates-formes d'investissement régionales. La collaboration entre les membres de l'Architecture financière européenne pour le développement (AFED) continue de s'intensifier grâce à diverses initiatives conjointes, notamment AgriFI et ElectriFI, ainsi que l'association des *Joint European Financiers for International Cooperation*. Dans l'ensemble, le FEDD+ sert de montage financier intégré pour mobiliser des ressources en faveur du développement durable, en mettant l'accent sur les partenariats, la coordination et la participation du secteur privé à la réalisation des objectifs de développement.

La deuxième section de l'étude reconnaît les **débats antérieurs** sur le financement du développement et l'utilisation d'instruments combinant l'aide remboursable et non remboursable, ainsi que les participations publique et privée. L'une des principales questions soulevées dans ces débats concerne l'apport supplémentaire de ces outils par rapport aux banques conventionnelles. Les banques de développement visent à financer des investissements cruciaux pour le développement, mais peuvent présenter des risques élevés pour les banques conventionnelles. Si des outils tels que les garanties de développement et les prêts subventionnés peuvent atténuer ces risques et mobiliser les flux d'investissement, les critiques font valoir que les banques de développement continuent de privilégier la solidité financière et la rentabilité, ce qui limite leur impact sur les pays en développement.

Des analyses antérieures ont également soulevé des inquiétudes quant à l'impact réel des IFD, compte tenu des difficultés à mesurer leurs effets, à impliquer le secteur privé dans le financement du développement et à concilier les objectifs de développement avec les intérêts commerciaux. Préoccupations également à propos de l'exclusion des petites entreprises, ainsi que des problèmes d'environnement et de droits de l'homme liés aux opérations des entreprises multinationales dans des pays où la réglementation est faible et la surveillance limitée. Dans ce contexte, la **proposition de recherche** est présentée comme une évaluation de la manière dont l'approche inclusive du FEDD+ se reflète dans l'allocation sectorielle, l'allocation géographique, la répartition sectorielle, l'orientation vers les résultats de développement et la prévention des impacts négatifs involontaires.

Les résultats de la recherche sont ensuite présentés dans la section 4, la sous-section 4.1 abordant **l'allocation sectorielle** dans les portefeuilles des deux FEDD, en mettant l'accent sur l'éducation, la santé et la protection sociale. Si la plupart des investissements soutenus par le Fonds sont destinés à l'infrastructure et au développement du secteur privé, les secteurs sociaux bénéficient également d'une part importante des garanties. L'importance des réponses à la COVID-19 est soulignée dans le lien entre le FEDD et la santé et, plus généralement, dans l'évolution de l'allocation sectorielle du FEDD, qui met davantage l'accent sur les secteurs sociaux, non seulement en couvrant la santé, mais aussi l'éducation en tant que domaines prioritaires dans les initiatives FEDD+ et « Global Gateway ».

La sous-section 4.2 se concentre sur **l'allocation géographique** des ressources dans le contexte du règlement IVCDCI-Europe dans le monde. Elle souligne que la priorité est accordée aux pays les moins avancés (PMA), aux pays en situation de fragilité ou de conflit, aux petits États insulaires en développement, aux pays en développement enclavés, et aux pays pauvres très endettés. L'UE et ses États membres se sont engagés à consacrer 0,7 % de leur revenu national brut à l'aide publique au développement (APD) d'ici à 2030, dont 0,2 % spécifiquement alloué aux PMA. Des exemples sont fournis sur la manière dont les ressources du FEDD ont été acheminées vers les PMA, mais il est noté que les garanties au titre du FEDD et du FEDD+ ont rencontré des difficultés pour atteindre les pays prioritaires tels que les PMA. En outre, les projets d'infrastructure destinés aux PMA ont été plus fréquents que les investissements destinés au développement du secteur privé.

À cet égard, l'étude souligne également l'importance de réduire les inégalités au sein des pays. Elle mentionne les déséquilibres régionaux et les disparités entre secteurs urbain et national dans les pays analysés. Sur la base d'exemples concrets, il est suggéré que ces déséquilibres soient traités en affinant chaque programme au niveau national, en établissant un dialogue avec les acteurs nationaux clés et les observateurs afin de cibler efficacement les régions les plus vulnérables.

Dans la sous-section 4.3, l'étude se concentre sur l'allocation des canaux dans l'approche inclusive du FEDD+, en particulier pour soutenir le développement du secteur privé et coopératif, en mettant l'accent sur les entreprises locales et les PME. Des exemples sont fournis de programmes qui atteignent efficacement les petites entreprises locales, ciblent les segments mal desservis et fournissent des liquidités aux petits clients par l'intermédiaire des banques locales et des institutions de microfinance. Cependant, en s'appuyant sur les données de garantie, il est souligné que la plupart des programmes ont des groupes cibles larges, se concentrant sur l'innovation et le développement technologique plutôt que sur l'inclusion, tandis que les coopératives ne sont pas explicitement ciblées, bien qu'elles constituent un domaine prioritaire pour le soutien du FEDD+. Sur ce point, les études de cas suggèrent qu'en plus des banques commerciales, le FEDD+ pourrait également être canalisé par l'intermédiaire des banques de développement agricole et rural, des institutions de microfinance et des coopératives de crédit afin de favoriser l'accessibilité pour les petites entreprises et les entrepreneurs individuels. En outre, il est suggéré que le guichet des micro, petites et moyennes entreprises (MPME) soit divisé en sous-guichets afin d'améliorer le ciblage des populations spécifiques mal desservies et des coopératives.

La sous-section 4.4 examine la manière dont **l'impact sur le développement** est recherché pour les FEDD, en soulignant l'importance d'aligner les investissements sur les priorités de développement et de mesurer leur impact sur la réduction de la pauvreté ainsi que sur le développement durable. Elle reconnaît également les progrès en cours dans la définition et la mesure des résultats en matière de développement dans le cadre du FEDD+, en soulignant l'alignement des portefeuilles d'investissement sur divers ODD : ODD 6 (eau propre et assainissement) ; ODD 7 (énergie abordable et propre) ; et ODD 9 (industrie, innovation et infrastructure). Les investissements dans le développement du secteur privé sont davantage orientés vers l'ODD 8 (travail décent et croissance économique). Le rapport mentionne également des projets spécifiques au Ghana, en Jordanie et en Zambie qui s'alignent sur leurs agendas de développement nationaux respectifs.

La création d'emplois est soulignée comme l'un des principaux impacts des investissements du FEDD sur le développement. Toutefois, l'étude reconnaît qu'il est difficile d'évaluer dans quelle mesure ces programmes ont créé des emplois pour les pauvres, car les données spécifiques sur les résultats des projets ne sont pas facilement disponibles. Elle souligne la nécessité de mieux mesurer les résultats du développement, y compris l'impact sur la réduction de la pauvreté, et mentionne les efforts déployés par les IFD pour intégrer des approches de gestion axées sur les résultats.

Pour relever ce défi, la CE a élaboré un cadre de gestion des résultats pour le FEDD+. Ce cadre définit des résultats de développement, des indicateurs et des chaînes de résultats pour chaque intervention financée par le FEDD+, bien que la CE n'ait pas encore rendu ces informations publiques.

La sous-section 4.5 aborde les **effets négatifs imprévus** des investissements. L'étude montre que les partenaires de l'AFED emploient diverses stratégies pour prévenir les effets négatifs involontaires sur les droits de l'homme, les problèmes sociaux et l'environnement. Ces stratégies comprennent l'utilisation de listes d'exclusion, de normes environnementales et sociales, de procédures de diligence raisonnable et de mécanismes de réclamation. Les listes d'exclusion sont utilisées pour empêcher certaines entreprises ou activités de bénéficier d'un financement pour le développement.

Les IFD adoptent des normes environnementales et sociales pour les activités et les entreprises qui ne sont pas exclues, ce qui renforce la responsabilité environnementale, sociale et de gouvernance (ESG) au sein des différents intermédiaires impliqués dans la mise en œuvre de l'allocation des fonds et lie la responsabilité ESG aux principes d'apports supplémentaires. Les procédures de diligence raisonnable garantissent le respect des droits de l'homme et des responsabilités sociales et environnementales, tandis que les mécanismes de réclamation permettent aux parties prenantes de déposer des plaintes ou de faire part de leurs préoccupations.

Bien que tous les membres de l'AFED suivent des modèles similaires, il existe un manque de procédures standardisées et de suivi complet de la conformité des partenaires du FEDD+, malgré l'importance de démontrer la fiabilité de l'UE en tant que partenaire de développement démocratique selon le « Global Gateway ». Cette stratégie souligne la nécessité pour les démocraties de relever les défis mondiaux et attend des investissements financés par le FEDD qu'ils adhèrent aux valeurs démocratiques, à la transparence et à des normes élevées.

Sur la base de cette analyse, les **recommandations** suivantes sont présentées à l'attention de la commission du développement du Parlement européen dans le cadre de son examen de la mise en œuvre du IVCDCI-Europe dans le monde et de sa participation en tant qu'observateur au comité directeur du FEDD+.

(i) Afin de renforcer l'approche inclusive du FEDD+, il est recommandé que l'objectif IVCDCI-Europe dans le monde de 20 % de l'allocation de l'APD à l'inclusion sociale et au développement humain soit également appliqué au FEDD+ et à son architecture ouverte. Bien que cet objectif s'applique juridiquement à l'ensemble de l'instrument, compte tenu de l'intérêt commun à explorer les possibilités de mobiliser les investissements du secteur privé en faveur du développement inclusif, un tel objectif fournirait des incitations à l'innovation sociale et faciliterait le suivi de l'application de l'approche inclusive dans la mobilisation des financements privés.

(ii) Par conséquent, la structure actuelle devrait être légèrement modifiée afin de faciliter le suivi de l'objectif social du IVCDCI. Dans le domaine des villes durables, les investissements dans l'eau et l'assainissement devraient être différenciés. De même, le guichet large et vague des MPME devrait être divisé en différents sous-secteurs définis en fonction de la taille et du profil des MPME. Par exemple, l'un d'entre eux pourrait se concentrer sur les entrepreneurs individuels et un autre pourrait être consacré aux coopératives, conformément à l'annexe V du règlement IVCDCI-Europe dans le monde qui mentionne le développement des coopératives et du secteur privé comme domaine de soutien clé du FEDD+.

(iii) Les rapports du FEDD+ devraient également mettre en lumière le type et le nombre d'intermédiaires qui relient les IFD européennes aux bénéficiaires finaux, en utilisant des catégories d'intermédiaires qui informent sur la portée des segments mal desservis et des groupes cibles clés. Une telle catégorisation devrait inclure les institutions de microfinance, les banques de développement rural, les coopératives de crédit et les coopératives, mais aussi exclure ceux qui sont peu connectés.

(iv) En outre, le conseil stratégique du FEDD+ devrait clarifier sa compréhension de la protection sociale, en tant que secteur d'investissement pour le développement humain, et sa stratégie de contribution à ce secteur par le biais de projets susceptibles d'être financés.

(v) Les rapports du FEDD+ devraient assurer le suivi de la participation des PMA par secteur d'investissement et une attention particulière devrait être accordée à leur participation au secteur des MSME, ainsi qu'aux facteurs permettant ou limitant cette participation.

(vi) Dans les pays à revenu intermédiaire, l'application de l'approche inclusive du FEDD+ implique de se concentrer sur les zones rurales et défavorisées du pays. Cette approche est déjà facilitée par intégration du FEDD+ dans la programmation nationale et pourrait être encore améliorée en différenciant, dans les rapports du FEDD+, les investissements situés dans les pôles économiques de ceux qui ciblent les zones prioritaires selon chaque délégation de l'UE et chaque programme indicatif pluriannuel.

(vii) Le cadre de gestion des résultats de la CE devrait être rendu public afin de faciliter le contrôle des progrès accomplis vers un financement du développement plus stratégique et plus responsable.

(viii) Compte tenu de l'importance accordée par « Global Gateway » à la prise en compte des valeurs démocratiques dans les investissements du FEDD+, les rapports du FEDD+ pourraient fournir des informations sur l'application des politiques ESG par les différents partenaires et programmes, contribuant ainsi à la normalisation des pratiques de l'UE en matière de financement du développement. Ces informations pourraient porter, entre autres, sur la réception et l'examen des plaintes ainsi que sur les cas controversés qui ne font pas l'objet d'un suivi commun pour l'ensemble du Fonds.

(ix) De même, les rapports du FEDD+ pourraient fournir des informations sur d'autres progrès réalisés par les IFD pour renforcer leurs capacités stratégiques et opérationnelles afin de mettre en œuvre les plans de développement fondés sur le principe de la « priorité aux politiques ». Il s'agirait notamment du déploiement des capacités sur le terrain et de l'interaction avec les délégations de l'UE.

1 Introduction

Under the Neighbourhood, Development and International Cooperation Instrument-Global Europe (NDICI-GE) financing instrument, the European Fund for Sustainable Development Plus (EFSD+) provides technical assistance, guarantees and blended finance to improve mobilisation of financial resources from the private sector towards economic development projects in partner countries. EFSD+ is a key component in the European Union's (EU) contribution to the Addis Ababa Action Agenda and the United Nations (UN) call to shift 'from billions to trillions' in development finance (UN, 2015).

Financial instruments that combine reimbursable and non-reimbursable aid with public and private engagement are certainly promising in terms of resource mobilisation, but at the same time they do raise questions about their social orientation. Some of the interventions that might have a more direct effect on reducing poverty and inequalities may not produce the economic returns needed to make loans and private investments work.

EFSD+ is intended to support investments as a means of mobilising private and public finance in developing countries towards the achievement of sustainable development goals (SDGs). In addition to economic growth and environmental sustainability, the Fund is expected to contribute to inclusive development and related goals such as the eradication of poverty, the reduction of socio-economic inequalities, inclusive growth and support to vulnerable groups. This study aims to assess the extent to which the EFSD+'s inclusive approach has been put into practice and to identify what must done to fulfil EFSD+'s potential to support inclusive development.

EFSD+ was established in 2021 within an extensive reform of the EU aid system, which significantly changed the Fund's programming in comparison to that of its predecessor, the European Fund for Sustainable Development (EFSD). Consequently, two years after its establishment, it is still too early to examine the implementation of EFSD+ as such and its actual development or outcomes on the ground. This limitation is partly overcome by examining the EFSD's implementation as starting point for the EFSD+[1], which is achieved by analysing data in EFSD annual reports and further research on concrete EFSD investments in three partner countries. These have been selected as representing a wide variety of such countries, investment types and implementing partners. Documents governing the actual management of EFSD+, including EU legislation and financial partners' internal rules as well as data available on Proposed Investment Programmes (PIPs), are then reviewed to identify progress made by EFSD+ towards inclusive development goals.

Both case studies and overall research on the EFSDs' functioning have benefitted enormously from key actors' inputs collected via online interviews[2]. These actors include: the European Commission (EC) and EU Delegations; EU Development Finance Institutions (DFIs) such as the European Investment Bank (EIB), the *Agence Française de Developpement* (AFD), the *Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden* (FMO); the European Development Finance Institutions (EDFI) Association; as well as some of their implementing partners, including commercial banks and a microfinance institution (MFI).

[1] The EFSD was established in 2017 and received funds from the 2017, 2018 and 2019 EU budgets. In 2021, the EFSD+ came to replace the Regional Forum on Sustainable Development during the 2021-27 budgetary cycle. In this paper, the plural form, 'EFSDs' will be used to refer to both funds.

[2] The authors are thankful to the European Commission, the EIB, FMO, AFD, KfW, EDFI, African Trade Insurance Agency, Bank Etihad, MFW, Munich Re, SFR Consulting, and the Zambia EU Delegation for the information provided. The information provided by the EC DG INTPA, the EIB and EDFI was particularly valuable for the conduct of the study, considering the limitations indicated in section 3.2.4. The ideas expressed in this paper are those of the authors and do not necessarily represent views of the collaborating institutions.

The authors are grateful to all involved experts for their collaboration in the analysis of a changing reality, such as the programming and management of EU guarantees and blended finance.

This study is structured as follows: following the introduction, the research subject, its context, and background are described (section 2). Section 3 reviews previous analyses and debates on EFSD+, as well as similar tools. A list of research questions is included. The document concludes by highlighting a series of ongoing processes intended to enhance the planning and monitoring of EFSD+ and the system's resultant capacity to drive funds towards inclusive development (section 4). To that end, some recommendations are provided on how to generate further progress (sections 5 and 6).

2 Background

This section describes the EFSD+ context and background, including a brief reference to international trends and challenges related to development finance, following which the EFSDs are presented.

2.1 The challenge of resource mobilisation

The financial gap in development funding needed to reach the SDGs adopted with the 2030 Agenda was initially estimated at USD 2.5 trillion annually, just in developing countries (UNCTAD, 2019), while global Official Development Assistance (ODA) was about 10 times less despite years of growth. At that time, the Addis Ababa Action Agenda and the UN made a call to shift from 'billions to trillions' in development finance (UN, 2015). Accordingly, development banks were asked to enhance their development promotion role in the South (UNCTAD, 2016). However, thereafter the COVID-19 pandemic hampered implementation of the Agenda 2030, resulting in the G20 re-estimating the global infrastructure investment deficit at EUR 13 trillion by 2040. Considering the further infrastructure investment needed to limit climate change and environmental degradation, that figure then increases by EUR 1.3 trillion every year (European Commission, 2021a).

In this context, European development banks tend to have greater prominence in national and EU development processes as well as foreign policy objectives over the years (Bilal, 2021). The United States of America (USA) International Development Finance Corporation has also been reformed and strengthened to improve the addressing of US development and foreign policy priorities. Moreover, all Organisation for Economic Co-operation and Development (OECD) donors are collaborating to enhance the role of DFIs and the use of private sector instruments, while new entities led by non-OECD countries such as the Asian Infrastructure Investment Bank and the New Development Bank add resources and projects to the development banking sector[3].

Accurate data on the extent to which this trend materialises in increased development finance is still missing[4], but donors worldwide are clearly seeking a change in scale by using aid as a lever of additional finance, mainly from the private sector. This is being achieved by allocating ODA to development banks and financial institutions to innovate and scale up their financial supply of loans, capital investment, blended finance projects and guarantees.

[3] Although the launch of both banks followed their own dynamics, their establishment coincided in time with the launch of the SDGs and the Addis Ababa Action Agenda.

[4] The DAC statistical system is undergoing modernisation to capture in ODA the public effort of using private sector instruments in development cooperation with the purpose of incentivising their use and encourage providers' support to the private sector in developing countries. This said, such effort, even if correctly captured in ODA, will not reflect the resources flowing to developing countries by means of DFIs. To capture these flows, a statistical system on Total Official Support to Sustainable Development (TOSSD) has been conceived but it is still under construction. EU Institutions not only support this initiative but have already allocated both the effort by the public sector (in ODA) as well as the financial flows to developing countries (in TOSSD).

2.2 From EFSD to EFSD+

Following the UN's call, EFSD was a key component in the EU's response to shift from billions to trillions, as described in the previous section. This Fund was established in 2017 to be financed from the EU budget out of which guarantees and subsidies for blended finance could be provided in order to encourage investment in developing countries. It was set up in the context of the EU's External Investment Plan at the outset Agenda 2030, with five investment windows[5] clearly connected to the SDGs sustainable energy and connectivity; financing of Micro, Small and Medium-sized Enterprises (MSMEs); sustainable agriculture, rural entrepreneurs and agroindustry; sustainable cities; and digitalisation for sustainable development. Moreover, its resource mobilisation approach was clearly aligned with the Addis Ababa Action Agenda.

From an EU perspective, it stood out for having its own legal basis, being launched in the middle of a Multiannual Financial Framework (MFF) (2014-2020) and not being fully inserted into the overall functioning of the EU development policy. This said, firstly, EFSD did contribute to the EU aid system's rationalisation and coordination among European donors. The fund was allocated to Sub-Saharan Africa and the EU neighbourhood, two regions historically approached with different EU funds and regulations. This clearly indicated the need to overcome fragmentation of EU aid, based on instruments resulting from historical trends, rather than strategic planning.

Secondly, EFSD's resources were made available not only to the EIB, the EU bank, but also the EU Member States' development banks and institutions[6] as well as the European Bank for Reconstruction and Development (EBRD), gathering DFIs under a same strategic framework and further enhancing previous coordination experiences, such as regional investment facilities. Moreover, the EC actively encouraged DFIs to collaborate and submit joint proposals, which incentivised coordination. In this vein, the 'EFSD was welcomed by the DFI community as a tool to strengthen cooperation amongst DFIs, and with the EU, it enabled the penetration of some smaller European DFIs into new markets' (Gavas, 2021).

Finally, in the context of a Team Europe approach during responses to the COVID-19 crisis, the EFSD experience facilitated partnerships among the EC, DFIs and grant providers from Member States under various initiatives. These and other political factors provided valuable momentum to the old idea of 'working better together' and enhanced EU donor coordination (Pérez, 2022).

In 2021, the NDICI-GE Regulation (EU, 2021b) represented a major change in the rationalisation of EU development finance. Under one single Regulation and budget, it combined all EU development assistance and set targets in terms of its geographic and sectoral allocation, some to do with inclusive development. These included providing 0.2 % of Gross National Income (GNI) for aid to the least developed countries (LDCs) by 2030 and 20 % of EU aid to social inclusion and human development, including basic social services such as health, education, water, nutrition, sanitation and hygiene, as well as social protection.

Along with grants and any other development finance tool, EFSD+ is also bound by the NDICI-GE Regulation, which has simplified the external investment framework by bringing together grants, technical assistance, financial instruments, budgetary guarantees and blending operations across sub-Saharan Africa, the EU Neighbourhood and Enlargement countries, Asia and the Pacific, as well as the Americas and the Caribbean. Regarding guarantees under the EFSD+, these included the EIB dedicated windows and an Open Architecture based on the EFSD experience.

Compared to its predecessor, EFSD+ is substantially larger in terms of funding, broader in terms of geographic scope and better integrated into the overall EU aid system. Based on the 'policy first' principle,

[5] Investment window means a targeted area for support by the External Action Guarantee under the EFSD+ to portfolios of investments in specific regions, countries or sectors (EU, 2021: 18)
[6] In this study, the term DFIs is used to refer to both development banks and other types of development finance institutions.

EFSD+ is framed under the overall programming process of EU aid, which implies not only its alignment with broad regional and thematic strategic papers but also insertion into multiannual plans agreed by the EU Delegations and partner countries.

Indeed, soon after adoption of the NDICI-GE Regulation, relevant thematic strategies with guidance for the EFSD+ and other funding were adopted. The EU's Global Gateway strategy was launched in December 2021 as an EU plan for major investment in infrastructure development around the world in response to COVID-19, which aims to narrow the global investment gap in infrastructure across the developing world. Its focus areas are digital, climate and energy, transport, health, education and research. This is reflected in the following investment windows established for the external guarantee by the EFSD+ strategic board: MSMEs; Connectivity, which includes Energy, Transport and Digital; Sustainable Agriculture, Biodiversity, Forests and Water; Sustainable Cities; Sustainable Finance and Impact Investing; and Human Development.

Global Gateway is aimed at mobilising infrastructure development investments of up to EUR 300 billion in the years 2021-2027, relying mainly on EUR 135 billion coming from the EFSD+ budget and mobilising additional resources from the European Financial Architecture for Development (EFAD). This strategy also includes new grants of EUR 18 billion from other EU assistance programmes.

2.3 EFSD+ functioning and the EFAD

EFSD+ constitutes an integrated financial package supplying financing capacity in the form of grants, technical assistance, guarantees and finance 'blending' , namely a mix of EU grants with bank loans (EU, 2021). It has worldwide scope and forms part of the EU's Neighbourhood, Development and International Cooperation Instrument.

EFSD+ intends to mobilise financial resources for sustainable development from the private sector for inclusive economic development. To this end, it receives investment proposals from European and international financial institutions to provide guaranteed support for their proposed loan and equity portfolios or grants for subsidising lending operations, thereby facilitating the financing of projects that otherwise would either be too risky for them or too costly for their borrowers.

As a lesson learnt from EFSD experience, allocating EFSD+ resources is based on the 'policy first' principle and framed under the overall programming process of all EU aid, which includes: geographically strategic documents of regional scope; thematic strategies such as the Global Gateway; multiannual indicative programmes agreed with partner countries and regions; together with annual action plans as elaborated by the EC (EC, 2022b). Multiannual indicative programmes also contain indicative financial allocations as well as results and indicators (with baseline and targets) to measure EU intervention effectiveness.

The functioning of EFSD+ differs between guarantees and blended finance. Within the former, budgetary guarantees of sovereign loans risks associated with lending operations are covered, which were previously carried out under the external lending mandate given to the EIB. It also feeds the Open Architecture that builds upon the EFSD's experience and involves a broad range of EU DFIs.

In accordance with the 'policy first' principle, it is implied that these guarantees are directed towards flagship investments such as Team Europe Initiatives and thematic strategic priorities through calls issued by the EC and the submission of PIPs, which are examined in semi-annual pipeline review meetings of EFSD+ operational and strategic boards.

While the EC controls this decision-making process and has the final word on the allocation of funds, the EFSD+ is expected to contribute to a better coordinated and strategically guided EFAD. To this end, EFSD+ Open Architecture seeks to make an optimal use of sectoral and geographic expertise of each counterpart and maximise its development impact (Gavas and Pérez, 2022). Additionally, the European Commission is advised by a Strategic Board comprising members and observers. Members of this Strategic Board are the EC, the EU High Representative for Foreign Affairs, Member States, which are the owners of the DFIs implementing EFSD+ initiatives, and the EIB[7]. The EIB and Member States' development banks and DFIs are also co-financiers and fund managers[8].

EFSD+ blended projects are decided on in the framework of regional investment platforms within the regional areas laid down in the NDICI-GE Regulation and established on the basis of working methods, procedures and structures of the Union's existing external blending facilities, which may combine their blending operations and External Action Guarantee operations under the EFSD+. The current EU Blending Framework comprises eight active regional facilities: (1) the Africa Investment Platform; (2) the Asia Investment Facility; (3) the Caribbean Investment Facility; (4) the Western Balkans Investment Framework; (5) the Investment Facility for Central Asia; (6) the Investment Facility for the Pacific; (7) the Latin American Investment Facility; and (8) the Neighbourhood Investment Platform, covering all regions of EU external cooperation.

EFSDs have fostered increased collaboration among EFAD members. While European DFIs have a long track record of collaboration, namely in the EDFI association's framework, as part of the EFSD, the Agriculture Financing Initiative (AgriFI) and the Electrification Financing Initiative (ElectriFI) – two innovative blending facilities supporting early-stage investments in agriculture and energy access – have been established and are now being run by the EDFI Management Company (MC), a subsidiary aimed at developing and managing joint financing in partnership with the EU.

Similarly, the Joint European Financiers for International Cooperation was created by the *Kreditanstalt für Wiederaufbau* Development Bank and its European partner institutions, AFD (France), the *Cassa Depositi e Prestiti* (CDP - Italy) and the *Agencia Española de Cooperación Internacional para el Desarrollo* (AECID - Spain), to improve the functioning of EFAD public finance within the 2021–2027 MFF's framework. The key objectives of this partnership are streamlining processes and pooling resources for co-financing projects.

3 Analysing the EFSD+

In this section, the research proposal is presented in the framework of a broader and longer debate on the role played by financial institutions and private companies in development cooperation.

3.1 Previous analyses and debates

This study connects with broader debates on the financialisation of development (Mah, 2023), in other words the proliferation of instruments that combine reimbursable and non-reimbursable aid, as well as public and private engagement. While such instruments are promising in terms of resource mobilisation, they have long been analysed and sometimes questioned by scholars, think-tanks and civil society organisations.

3.1.1 Additionality and effective risk reduction

One of these questions has to do with the additionality of these tools. The purpose of development banking is to finance investments that are crucial in development strategies, but may present high risks for conventional lending banks. For instance, developmental guarantees protect banks and investors from the risks of nonpayment, hence mobilising investment flows towards high-risk countries and sectors as well as underserved population segments (Halvorson-Quevedo and Mirabile, 2014). Similarly, subsidised loans

[7] The EP has observer status in the Strategic Board and can be represented by any of its Members.

[8] These include the Belgian Investment Company For Developing Countries, COFIDES, the German Development Finance Institution (DEG), the Finnish Fund for Industrial Cooperation, FMO, the Danish Investment Fund for Developing Countries, the Development Bank of Austria, the French Société De Promotion Et De Participation Pour La Coopération Economique (PROPARCO), the Società Italiana Per Le Imprese 'Il'estero & Cdc Development Finance, the Portuguese Sociedade Para O Financiamento Do Desenvolvimento, and the Swedfund.

drawing on EFSDs can reduce costs associated with higher-risk operations and facilitate loans that otherwise would not be financially sustainable for entrepreneurs.

However, development banks still seek financial soundness and profitability to meet the strict requirements of shareholders and financial markets. As a consequence, triple-A rated institutions such as the EIB have been criticised for their risk-averse lending approach which limits any impact on developing countries (Gavas and Pleeck, 2023). The EFSD's Open Architecture is also found to be 'too flexible with DFIs, allowing them to make proposals that often respond to their own previous initiatives and partnerships with local banks as well as investment funds, rather than new investments related to development priorities. Hence, the real question is whether the EFSD scheme has resulted in additional investments or just subsidised investments that would have taken place anyway' (Gavas, 2022).

In more general terms, European Non-Governmental Organisations (NGOs) state that additionality has not been demonstrated and thus question DFIs' claims about their lever effects. Conversely, they indicate that DFIs tend to 'follow the market' by focusing on already popular areas for investment by public and private entities and add funding to ongoing investment initiatives (Romero, 2013; CONCORD and Eurodad, 2018). Another study, reflecting on additionality and its measurement confirmed that 'the concept of additionality, relating to the identification of financial or development effects that would not have materialised in the absence of a given contribution, has proven particularly difficult to operationalise' (Lundsgaarde, Sánchez-Barrueco and Hancu Budui, 2022).

3.1.2 Development outcomes

A second question within the DFI debate relates to their actual influence on development and poverty reduction. Loans and capital investments have been criticised because there is no inevitability about their impact on development. Being to a large extent driven by demand, they are certainly more difficult to orient towards concrete development targets by donors and follow up with proper metrics. Indeed, the study referenced above highlighted difficulties in distinguishing between the effects of different financing streams and reconciling DFI reporting frameworks. This demonstrates the need for a harmonised EU results measurement framework to be designed and implemented by the EC for follow up by the European Parliament (EP) (Lundsgaarde, Sánchez-Barrueco and Hancu Budui, 2022).

Similarly, a workshop on the EFAD's future recommended that the EP should push for the collection of information from all EFSD+ partners on defining and measuring development targets, including geographic and sectoral goals. It was further suggested that this could form the basis of an annual report, which would be aimed at jointly collecting and presenting the best available information on actual development effects from lending operations (Pérez, 2022). These recommendations are consistent with the Parliament's enhanced scrutiny capacities resulting from the NDICI-GE Regulation (Bilquin, 2022).

3.1.3 Private sector involvement

Engaging the private sector in EU development cooperation and finance presents various challenges. These include ensuring that the principle of untied aid is maintained, combining development objectives and commercial interests, and the inclusion of small companies (Karaki, Bilal and Van Seters, 2022).

NGOs' criticism of additionality and DFI's development orientation is often used to build arguments against a modality of public aid that relies to a large extent on the involvement of private companies (Marois, 2022). The use of public aid in private ventures where development impact and additionality are uncertain is criticised for diverting scarce resources from public policies with better known effects on poverty eradication and inequality reduction, such as education, health and social protection.

3.1.4 Negative unintended effects

Some NGOs go further in criticising DFIs, noting that by supporting multinational companies' operations in countries with loose regulation and weak supervisory capacities, donor governments and their financial institutions negatively impact human rights and sustainable development. Indeed, there is a long tradition of NGO watchdog work in such countries comprising investigations into the negative impact on environmental and human rights of concrete multinational companies operating in infrastructures, agriculture, or mining.

While the Bretton Woods Institutions have attracted the greatest attention from NGOs worldwide on issues such as land grabbing, community displacement, or the environmental impact of mining projects, European DFIs are also subject to NGO criticism. EURODAD (2021) has collected reports from civil society organisations alleging negative impacts of seven European DFIs on land grabbing, corruption and human rights. These issues were indeed the subject of another study which states that 'although European DFIs usually have internal guidelines or claim to follow the International Finance Corporation performance standards to their investments as safeguards in order to ensure that they are not involved in land grabs, a large number of reported land grabs and related human rights abuses and violations involve one or several European DFIs' (Saturnino et al., 2016). In accordance with the following research proposal, prevention of unintended negative effects forms part of this study; its findings on DFIs' environmental and social standards, due diligence procedures as well as grievance mechanisms are provided in section 4.5.

3.2 Research proposal

The NDICI-GE Regulation expects EFSD+ to be the last generation fund, which overcomes all the difficulties highlighted by the literature on reimbursable aid, as described in the previous section. Such expectations are briefly reviewed in the following subsection, and then the research proposal and techniques are presented.

3.2.1 The EFSD+ in theory

According to the preamble of the NDCI-GE Regulation, EFSD+ is expected to meet the following aims:

(i) Support investments as a means of contributing to the achievement of SDGs by fostering sustainable and inclusive economic, environmental and social development.

(ii) Maximise additionality of funding, address market failures and sub-optimal investment situations, support local public entities in scaling up and autonomously financing their investment, deliver innovative products and 'crowd-in' private sector funds.

(iii) Involve the private sector, including Small and Medium-Sized Enterprises (SMEs), in the Union's cooperation with partner countries through EFSD+, in efforts to yield a measurable and additional development impact without distorting the local market and unfairly competing with local economic actors.

(iv) Evaluate the leveraging effect of the EFSD+, measuring the mobilisation of additional funding for sustainable development using EFSD+ financial support.

The Fund's development orientation is further described in Article 31 of the NDICI-GE Regulation and closely linked to inclusive development and related concepts, such as the eradication of poverty, the reduction of socio-economic inequalities, inclusive growth and support to vulnerable groups:

> 'The EFSD+ shall, in particular, foster sustainable and inclusive economic, environmental, and social development, and transition into a sustainable value-added economy and a stable investment environment. It shall also promote socio-economic and environmental resilience in partner countries with a particular focus on the eradication of poverty. The EFSD+ shall thus

contribute to the reduction of socio-economic inequalities, sustainable and inclusive growth, climate change adaptation and mitigation, environmental protection and management, the creation of decent jobs on the basis of the core ILO [International Labour Organization] labour standards, economic opportunities, skills and entrepreneurship, socio-economic sectors, including social enterprises and cooperatives, SMEs, sustainable connectivity, support for vulnerable groups, the promotion of human rights, gender equality and the empowerment of women and young people, as well as addressing specific socio-economic root causes of irregular migration and root causes of forced displacement, in accordance with the priority areas outlined in Annex V and relevant indicative programming documents' (EU, 2021: 38).

3.2.2 Research approach

This study assesses how the inclusive approach of EFSD+ operations, as described above, applies in practice following the entry into force of the NDICI-GE Regulation and adoption of the Global Gateway strategy. Accordingly, this study looks at how EFSD+ is allocated across sectors, countries and implementation channels with an inclusive perspective.

The analysis of sector allocation focuses on sectors of high social impact, such as education, health and social protection, while the geographic allocation analysis focuses on countries experiencing fragility or conflict, LDCs and Heavily Indebted Poor Countries (HIPCs), as well as domestic geographic imbalances. As for the channel allocation analysis, the study pays special attention to financial intermediaries connected to poor and underserved segments, such as Micro Finance Institutions (MFIs). MFIs are profit and non-profit private entities that provide financial services to low-income individuals and small businesses that do not have access to traditional banking services.

Beyond the broad categories of aid allocation, the study also enquires how concrete development impacts are defined and measured at programme level as well as how such impacts align with the inclusive development and related concepts. Moreover, it analyses how the provisions of NDICI-GE concerning the protection of social, environmental and human rights are implemented by the institutions that run EFSD+ operations and sign guarantee agreements.

To operationalise this research approach focused on inclusive development, the following list of nine research questions was elaborated. These raise different aspects of inclusive development and are grouped in five sub-groups that also form the main headings of section 4, which contains the research findings.

Table 1: Research questions

Sectoral allocation	1.	What is the amount and share of EFSDs' resources allocated to education, health and social protection[9]?
	2.	Which factors enable or limit the allocation of reimbursable aid and private resource mobilisation to these sectors?
Geographic allocation	3.	What is the amount and share of EFSDs' resources allocated to countries suffering from fragility or conflict, LDCs and HIPCs?
	4.	Which factors enable or limit the allocation of reimbursable aid and private resource mobilisation to these countries?

[9] The thematic or sectoral allocation of the funds will be presented according to the EFSD and EFSD+ categories. Additionally, an analysis of individual projects will be made in order to link them to standard OECD classifications and respond to research questions related to the allocation of funds for the education, health and social protection sectors. Finally, considering their different potential in terms of negative and positive impact on poor communities, all EFSD and EFSD+ investments will be classified as 'infrastructure finance' or 'private sector finance'.

Channel allocation	5.	What is the amount and share of EFSDs' resources channelled through financial intermediaries connected to small local businesses (including self-employees, family-based businesses, micro-enterprises, cooperatives, etc.)?
	6.	Which factors enable or limit the allocation of reimbursable aid and private resource mobilisation to these intermediaries?
Development impact	7.	To what extent does the EFSDs' favour job creation and income opportunities for poor households?
	8.	How is the direct and intended impact on poverty being estimated and measured?
Unintended negative impacts	9.	How do the provisions of NDICI-GE concerning the consideration of social and human rights issues in the implementation of the EFSDs apply in practice?

Source: Authors' own compilation.

3.2.3 Research techniques

Data analysis

To respond to these questions, firstly a review of EFSDs' overall implementation was conducted. For this, the main source of information was official data on EFSDs' implementation. This included EFSD operational reports (EU, 2017; 2018; 2019; 2020) covering guarantees and blended finance, as well as EFSD+ Operational Board documents with information about PIPs for the EFSD+ Open Access Guarantee. Furthermore, complementary data on reimbursable and non-reimbursable aid were drawn from OECD databases.

As detailed in Annex I, data on EFSD and EFSD+ was processed to produce relevant indicators considering research questions on sector and geographic allocation. Firstly, investment areas were grouped in three broad areas with different implications in terms of inclusive development: infrastructures, private sector development and social sectors. Secondly, the amounts included in EC reports, since they often related to several countries, were linearly distributed across countries to estimate the share of resources allocated to relevant categories of countries, such as LDCs fragile states or HIPCs[10].

Document review

Different documents related to the strategic frameworks and procedures affecting implementation were reviewed. This included unpublished documents, such as the EFSD+ strategic orientations and rules for its strategic board (EC, 2021b; 2021c: 2013–2015), documents showing the functioning of EFSD+ calls (EC, 2023a; 2023b), the newly adopted EFSD+ Result Management Framework (EC, 2023d; 2023c) and the first series of EFSD+ proposed investment programmes (EC, 2022c; 2022d: 15-16).

Case studies

Information on overall EFSD implementation was complemented with three case studies on partner countries benefitting from EFSD and EFSD+ resources. The countries for in-depth analysis were selected based on the following criteria:

- Actual implementation of infrastructure projects (EFSD)
- Actual implementation of private sector projects (EFSD)
- Coverage by new EFSD+ commitments

[10] This applied to multi-country programmes but regional programmes were excluded from the elaboration of these indicators.

Additionally, as much as was possible the three countries were chosen to reflect not only geographical diversity (Eastern, Southern Neighbourhood and South-Saharan Africa), but also the diversity of EFAD members (EIB, regional banks, national banks, as well as EDFIs). These countries are Ghana, Jordan and Zambia. Case studies were particularly useful for identifying what can be done to fulfil the potential of EFSD+ to support inclusive development.

Ghana

EFSD operations identified in Ghana 2017-20 operational reports were the 'Ghana - Burkina Faso interconnection line project', the 'COVID-19 Health Response Ghana project' and the newly launched French *Société De Promotion Et De Participation Pour La Coopération Economique*'s (PROPARCO)'s 'Choose Africa Ventures Programme'.

The Ghana - Burkina Faso interconnection line project is a joint project between the governments of Ghana and Burkina Faso, aimed at improving access to electricity in both countries as well as promoting economic growth. It involves construction of a 225 kilovolts transmission line between Bolgatanga in Ghana and Ouagadougou in Burkina Faso, as well as associated substations (European Commission, 2017), all of which will be financed by the AFD through provision of a EUR 42.5 million loan.

The COVID-19 Health Response Ghana project is aimed at supporting the Ghanaian government in its efforts to respond to the COVID-19 pandemic. This project is being funded by the EIB through provision of a EUR 100 million loan (EIB, 2020) and is aiming to strengthen the health sector in Ghana by supporting the purchasing of medical equipment, the construction of new health facilities and the training of health workers. It also includes measures to improve water and sanitation infrastructures in health facilities, which are important for preventing the virus' spread. This project is expected to help Ghana mitigate the pandemic's impact on its health system and population.

The PROPARCO support to MSMEs in Ghana was framed under the Choose Africa Ventures Programme. This DFI, jointly owned by AFD and private shareholders, is seeking to facilitate the financing of early-stage and growth-stage innovative (M)SMEs in Africa, both through directly investing in these businesses and contributing finance for Venture Capital Funds (PROPARCO, 2021).

EDFI AgriFI, an EU-funded investment facility, has provided Sinapi Aba Savings & Loans with a EUR 2.5 million loan in their local currency to boost the supply of affordable financial services to small agri-businesses, small-scale farmers and rural residents in northern Ghana, where there is currently limited access to such assistance. This funding is part of a broader EU project called 'the EU GAP', which aims to support agriculture in the region, with its access-to-finance component complementing other EU-funded initiatives, such as capacity building, matching grants and investment support.

Jordan

The EBRD has introduced the Green Economy Financing Facility (GEFF) programme in Jordan to assist with the country's shift towards a more sustainable economy. Local financial institutions in Jordan will receive financing from the EBRD, the Green Climate Fund and the EU, which will lend to the private sector for investments in high-performance technologies and services. In 2022, three facilities worth USD 22 million were signed with Cairo Amman Bank, Etihad Bank and Microfund for Women. GEFF aims to tackle climate change challenges by motivating households and MSMEs to invest in innovative technologies that promote energy, water and material efficiency solutions, as well as renewable energy (EBRD, 2022).

Jordan also benefits from one of the most cited FMO/EFSD projects, the Nasira programme, which was implemented in collaboration with Etihad Bank and Capital bank in Jordan. Al Nasira is a risk ensuring facility that provides portfolio guarantees to local banks and MFIs to address financial inclusion and promote liquidity to clients for lending to SMEs. FMO's goal is to bridge the gap between commercial banks and underserved segments by covering part of the portfolio's credit risk and incentivising banks to expand their outreach to financially excluded groups, such as women-owned businesses, youth, start-ups and agribusinesses. This programme is aimed at promoting inclusive economic growth by increasing access to finance and technical assistance for SMEs, with a focus on women-owned businesses. The programme also has a focus on environmental sustainability and promoting sustainable business practices.

Zambia

The EFSD operations identified in Zambia are the Great North Road Upgrade Project, financed by the EIB and the ElectriFi Country Windows Project with the FMO as main partner.

The Great North Road Upgrade Project financed by the EIB, is aiming to upgrade a 422-kilometer section of the Great North Road in Zambia. This project will improve road safety and reduce travel time, contributing to economic growth and poverty reduction in the region through the construction of new bridges, the upgrading of those already existing and the improvement of drainage systems. The total cost of the project is estimated at EUR 489 million, with the EIB providing a loan of EUR 240 million (EIB, 2022a).

The ElectriFi Country Windows Project is a joint initiative of the EU and the FMO. This project aims to support private investments in Zambia's renewable energy sector and includes the provision of financing to local businesses and projects that promote renewable energy, such as solar and wind power. The project is expected to contribute to the development of Zambia's energy sector, increase access to electricity and reduce the country's dependence on fossil fuels. The total cost of the project is estimated at EUR 85 million, with FMO providing EUR 50 million in financing (EDFI ElectriFI, 2022).

Interviews

The case studies were made more comprehensive by incorporating feedback from individuals who were directly involved. These included staff from: the EC and EU Delegations; EU DFIs such as the EIB, the AFD and the FMO; the EDFI Association; and some of their implementing partners, including commercial banks and an MFI (see Annex 2).

3.2.4 Limitations

This study on the implementation of EFSD+ has faced various limitations, most significantly to do with timing. When this research was conducted, EFSD+ implementation was at a very early stage[11]. Indeed, the first report on implementation of the NDICI was issued during the research (EC, 2022a) and covered 2021 only. This report reviews the EFSD+ rationale, but does not comment on its implementation, except for a guarantee for COVAX II[12] provided in continuation of previous commitments under EFSD. As stated in the report, the EFSD+ started to be operationalised in June 2021 following adoption of the NDICI-GE Regulation; the overall instrument was then subject to programming. 'Due to the inevitable time lag between financing an intervention and implementing the intervention and generating results, no results – in terms of outputs or outcomes of NDICI-funded interventions – can be reported so far. This time lag between financing and results is a structural feature that is common to any MFF cycle' (EC, 2022a).

As previously explained, this limitation was partly overcome by examining four annual EFSD reports, combining information on blending and guarantees, as the EFSD+ starting point, before analysing how normative and strategic documents framing EFSD+ management were enhancing the inclusive approach of the EFSD+ in comparison to EFSD. Additionally, information was obtained on the first series of EFSD+

[11] As stated in the recently released report of the European Court of Auditors on "Programming the NDCI-GE Regulation" the late adoption of the NDICI-Global Europe Regulation delayed the adoption of the multiannual indicative programmes which condition the overall implementation of the NDCI, including the EFSD+, which is inserted in the overall EU aid programming.
[12] COVID-19 Vaccines Global Access (COVAX) is a global initiative to secure access to safe and effective COVID-19 vaccines for 92 low- and middle-income countries.

investments proposed for the guarantee Open Architecture. Importantly, this concentrated research on only on one aspect of the EFSD+, the most relevant for debate on private sector engagement.

Finally, it must be stated that EFSD reports and EFSD+ PIPs inform on initial investment plans made in Brussels, which resulted in funding allocation across EFAD members, broadly defined investment windows and geographic areas, often covering various countries. Information on final investments made and their actual development outcomes is absent, which not only affects this study but also any EFSD+ follow-up by policy-makers and stakeholders. The different layers of intermediaries create a long distance between EFSD+ financial decisions and real investments in the field, thus increasing aid accountability challenges.

4 Implementation of the EFSDs

In this section, the main findings of the research are presented. First, data on funding allocation across sectors, countries and channels is analysed (subsection 4.1, 4.2 and 4.3). Then, the study focuses on the definition and measurement of inclusive development outcomes (4.4), along with prevention of unintended negative impacts (4.5).

4.1 Sector allocation

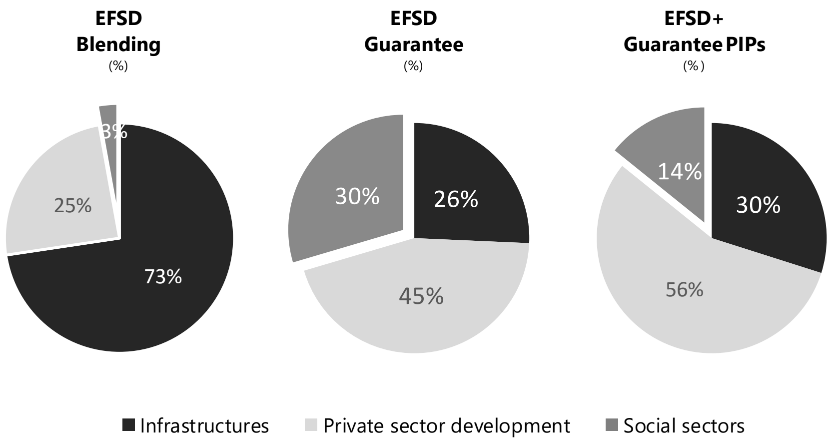
This subsection analyses how the thematic scope of EFSD investments reflects an inclusive development approach and targets key sectors for poverty eradication such as education, health and social protection sectors (social sectors). Then, sectoral allocation is interpreted in light of the various strategic choices made by the EC in recent years, including the priorities set in the Global Gateway.

4.1.1 Social sectors in EFSDs' portfolios

This section draws on 2017-2020 EFSD operational reports covering guarantees and blended finance, together with available EFSD+ Operational Board documents that announce implementation of the EFSD+ Open Access Guarantee (see Annex I). As shown in Figure 1 below, such data indicates that most investments supported by the EFSDs relate to infrastructure and private sector development, but social sectors are also attracting a significant share of guarantees.

Figure 1: Estimated sectoral allocation of EFSDs

(% of EFSD resources in reported investments and EFSD+ resources in Open Architecture proposed investments)



Source: EFSD operational reports & Operational Board-Summaries of PIPs.

Under the EFSD, seven education projects in Northern Africa and Ukraine received blended finance, while the EIB European Health Platform related to COVID-19 vaccines benefitted from a guarantee. Under the EFSD+ Open Access Guarantee, two more interventions in the health sector have been announced: the

First Mover Health Investors Fund, managed by FMO and aiming at scaling up private health services; and the Accelerating Human Development (HDX), co-managed by the EIB together with the Bill and Melinda Gates Foundation which is focused on polio eradication. The full list of these projects is provided in the following table along with a brief description of each proposed or finalised investment.

Table 2: EFSDs' programmes in social sectors (health, education and social protection)

Fund	Sector	Investment	Description
EFSD blending	EDUCATION	1. Université Euro-méditerranéenne de Fès (UEMF), Morocco	A loan to the UEMF in order to construct an ecologically friendly campus at Fès with high-level education programmes and research.
		2. Promotion of Sustainable Energy in technical and vocational education and training, Egypt	To improve the technical and personnel capacity of technical education schools, enabling them to provide high-quality, practice-oriented technical education.
		3. Youth Employment Programme, Morocco	To increase young people's employability, especially among young women, by developing market awareness, providing training and implementing work experience initiatives in three targeted regions - Rabat Salé Kénitra, Tanger Tétouan Al Hoceima and Souss Massa.
		4. Modernisation Établissements Scolaires II, Tunisia	To improve education outcomes by helping the Government of Tunisia to improve school infrastructure, learning environments, as well as hygiene and sanitation.
		5. UEMF (COVID-19 top-up), Morocco	The top-up will be used to finance computer equipment for students who cannot continue their studies online as they lack equipment at home. The top-up also funds the production of medical equipment, such as facemasks, for Moroccan public hospitals
		6. Programme de scolarisation rurale, Morocco	150 new community schools, mainly in rural areas, under the aegis of 9 Regional Education and Training Academies.
		7. Vocational Education and Training, Ukraine	Establishment of a Centre of Excellence in vocational education and training in each of up to 10 selected administrative regions (oblasts) in Ukraine. Centres of Excellence will be new constructions or involve substantial renovation and upgrading of existing Vocational Education and Training schools, including on-campus dormitories.
EFSD Guarantees	HEALTH	8. European Health Platform	Access to quality diagnostics, laboratory services and COVID-19 vaccines by removing financing barriers.

EFSD+ Guarantee PIPs	HEALTH	9. HDX	Conditional loan provided by the EIB to the World Health Organisation and the UN International Children's Emergency Fund, with support from EFSD+ and the Bill and Melinda Gates Foundation and guarantee for Health Products and Systems in low- and middle-income Countries.
		10. First Mover Health Investors Fund	Considering that in social security administration, 50 % of healthcare services this fund creates a pathway to scale for healthcare enterprises with equitable healthcare solutions by providing flexible growth capital and hands-on support through a staged investment approach.

Source: EFSD operational reports & Operational Board-Summaries of PIPs.

The allocation of guarantees and blending is conditioned by sectoral and thematic priorities set in the various legal and strategic papers that have framed EFSDs. As detailed in the following paragraphs, these papers focus on infrastructures and private sector development, although they have progressively opened the door to health and education.

4.1.2 Private sector development in migration countries of origin

When established in 2017, EFSD was guided by the EU External Investment Plan which aimed at encouraging private investments contributing to inclusive growth and job creation, which in turn could tackle the root causes of irregular migration. Consistent with this logic, most EFSD guarantees were allocated to private sector development, comprising SMEs finance and agricultural private investments. Other EFSD guarantee investment windows were sustainable energy and connectivity, sustainable cities and digitalisation.

Similarly, EFSD blending priorities were transport and energy, environment, agriculture, urban development and improved access to finance for local MSMEs. Under this modality of funding most resources were allocated to public infrastructures, given the difficulties that the EU and its European financial partners faced in deploying SME finance programmes within Sub-Saharan Africa, which certain studies have highlighted. As described in Pérez (2022), despite the External Investment Plan's narrative about job creation and private sector development in the context of migratory pressure, the amount of EFSD resources allocated to MSMEs blended finance in Sub-Saharan Africa represented only EUR 169 million out of a total budget of EUR 3 348 million and this was mainly due to operations of a non-EU actor, the African Development Bank (AfDB).

4.1.3 The EFSD as part of the EU COVID-19 response

Up to 2020, social sectors were completely absent from the External Investment Plan. However, following the outbreak of COVID-19, EFSD became part of the related EU response. As covered in the EFSD 2020 Operational Report, the Fund was remodelled to support COVAX by focusing on three areas: vaccines, small businesses and health (EU, 2020: 7). Through EFSD, the EC guaranteed EUR 400 million in financing from the EIB to COVAX and provided an additional EUR 100 million in grant support. This way, a single project within the health sector suddenly drew 30 % of the guarantee budget and facilitated its timely implementation.

Ghana, as one case analysed during this research, was the first country to receive COVID-19 vaccines through the COVAX scheme. As part of its 'National Strategic COVID-19 Response Plan', the Ghanaian Government received an EIB loan of EUR 100 million to support the purchase of medical equipment, the construction of new health facilities and the training of health workers. This project also included measures to improve water and sanitation facilities in health facilities, which are important for preventing the virus' spread. The project is expected to help Ghana mitigate the impact of the pandemic on its health system and population (EIB, 2020).

4.1.4 Social infrastructure, health and human capital as EFSD+ priority areas

Building on EFSD's contribution to the COVID-19 response and increasing concern about global health, this sector has been included in EFSD+ sector priorities. In 2021, the NDICI-GE Regulation set six priority areas including social infrastructure, health and human capital among the socio-economic sectors to be strengthened with public and private infrastructures. Other investment areas named in the Regulation gave continuation to priorities of the EU Investment Plan, namely: infrastructures (sustainable connectivity, including renewable and sustainable energy, water and waste management, transport, information and communications technologies); and private sector development with a focus on agriculture (support to private and cooperative sector development, sustainable agriculture and blue economy, sustainable forest management).

4.1.5 The Global Gateway

Soon after adoption of the NDICI-GE Regulation, Global Gateway was adopted as the EU plan for major investment in infrastructure development around the world (European Commission, 2021a). This strategy was presented as a response to the global infrastructure gap and limitations in digital connectivity, supply chains and medical supplies highlighted during the COVID-19 pandemic. Hence, although hard infrastructures concentrate much of the strategy's attention, global health remains within the key motives of the strategy, which is reflected in the list of investment priorities that also open the door to the education sector (see Table 2 above).

Table 3: Global Gateway Investment Priorities

Priorities	Content
Digital	Digital networks and infrastructures such as submarine and terrestrial fibre-optic cables, space-based secure communication systems as well as cloud and data infrastructures; artificial intelligence and earth observation; standards and protocols on network security and resilience, interoperability; measures related to an open, plural and secure internet; digital economy packages combining infrastructure investments with country-level assistance on ensuring the protection of personal data, cybersecurity and the right to privacy, trustworthy artificial intelligence, as well as fair and open digital markets.
Climate and energy	Investments in mitigation and climate resilience, as well as supporting regulation; regional energy integration, based on interconnection and joint projects; offshore wind farms in coastal regions; promotion of energy efficiency; renewable energy projects, including smart grids and renewable hydrogen production.
Transport	Sustainable, smart, resilient, inclusive and safe transport networks in all modes of transport, including: rail, road, ports, airports; logistics and border-crossing points; multimodal systems; enhancement of the recharging and refuelling infrastructure for zero-emission vehicles; as well as the supply of renewable and low-carbon fuels.
Health	Securitisation of health supply chains; development of local manufacturing; diversification of pharmaceutical supply chains; regulatory environment for the local production of medicine and medical technologies; research and cross-border innovation in healthcare.
Education and research	Investments in quality education, including digital education, with a life-long learning perspective; mobility of students, staff, teachers, and trainees; strengthen networks and peer learning across higher education institutions; connecting research with business incubators and innovators worldwide.

Source: Global Gateway (European Commission, 2021a).

Global Gateway expects to raise up to EUR 300 billion between 2021 and 2027 for the priorities listed above. Of this amount, EUR 135 billion of investments are expected to be made available through EFSD+ and EUR 18 billion will come from EU external assistance programmes in the form of grants, while remaining funding is expected from other EU DFIs.

While infrastructure and social sectors are treated separately in this and many other studies on aid, it is worth mentioning that some infrastructure projects have a strong social dimension. This is the case for the ElectriFI programme in Zambia, which aims to reduce inequalities by funding private sector initiatives leading to new and improved connections to electricity for populations living in under-served and remote areas. In this country only one third of the population has access to electricity. Hence, to increase the country's electrification rate, the government started investing in clean off-grid energy solutions to reach its target of 51 % rural electricity access by 2030. ElectriFI aims to support the national strategy by empowering investors and entrepreneurs who are active in the renewable energy market and off-grid solutions (EDFI, 2023). Programmes such as ElectriFI could very well constitute a subsector of social infrastructures as their primary objective, which is to provide access to basic services and reduce inequalities within and across countries. Other infrastructure initiatives may also be very relevant to sustainable development strategies.

Finally, it is important to mention that Global Gateway is presented as a demonstration of how democracies can deliver on today's challenges, in open competition with financial and political powers like China. Consistently, the strategy Global Gateway enounces six basic principles guiding related investments. Those are democratic values and high standards, good governance and transparency, equal partnerships, green and clean, security focused and catalysing the private sector.

4.1.6 Human development as an EFSD+ investment window

Based on EFSD experience, coupled with the NDICI-GE Regulation and the Global Gateway strategy, the first meeting of the EFSD+ Strategic Board held in November 2021 defined six investment windows to guide elaboration and submission of PIPs by EFAD members. These are: 'Connectivity', 'Sustainable Cities', 'Natural Capital', 'Human Development', 'MSMEs' and 'Sustainable Finance'.

The Human Development Window was opened to investments supporting 'access to health, education, employment, social protection/inclusion and other social services for all, contributing to the eradication of poverty and tackling inequalities' (European Commission, 2021b). While this description is followed by the example of EFSD support for COVAX, little information is provided on other sectors and how they can be supported with project-based reimbursable aid. Indeed, the EC sets its thematic priorities for the Open Architecture in deliberately broad terms and then expects DFIs not only to identify the type of bankable projects that might drive private investments towards those priorities, but also design their financial programmes accordingly.

As shown in Table 2, within the EFSD+ human development sector, this has so far worked for the health sector, where two programmes were proposed, but has not yet yielded any proposals on education and social protection. There are blending project experiences under EFSD in the education sector and EC contacts indicate that bankable social protection projects are also feasible in areas like micro-pensions or digitalisation of social protection systems and registries (see Annexes). However, the potential contribution of the private sector to these sectors is still unclear and might deserve specific research.

In more general terms, as the following Table details, the EU and bilateral donors follow different patterns of allocating reimbursable and non-reimbursable aid across social sectors, infrastructure and private sector development. Only large multilateral financiers such as the World Bank make extensive use of loans to fund social policies such as health, education, or social protection (often in the form of sovereign loans).

Table 4: Sector allocation of reimbursable aid (2017-2020)

(ODA commitments in USD millions, and % over total ODA)

	Social sectors	Infrastructures	Private sector	Other	Total
EU	699	16 855	2 143	2 881	22,577
	3 %	60 %	23 %	10 %	24 %
Bilateral donors	13 743	78 114	11 094	18 605	121 555
	12 %	38 %	32 %	11 %	23 %
Multilateral donors	38 158	43 890	16 814	24 432	123 293
	64 %	106 %	69 %	33 %	62 %
Total	**53 692**	**141 519**	**30 636**	**46 769**	**272 617**
	27 %	52 %	45 %	17 %	34 %

Source: OECD (2020).

It is worth recalling here that the NDICI-GE sets a target of allocating '20 % of the ODA funded under the Instrument to social inclusion and human development, including basic social services such as health, education, nutrition, water, sanitation and hygiene, and social protection - particularly to the most marginalised' (EU, 2021: 4). However, it is not clear how this target applies to EFSD+ and, more precisely, the Open Architecture which is intended to mobilise private sector investments, as this target could be better addressed with other tools from the EU financial toolkit, including grants and budget support[13].

Moreover, the human development window would not capture all EFSD+ funding associated with the 20 % target, as its scope, according to the Regulation, includes investments in water and sanitation that may fall under the 'Sustainable Cities' heading. As explained in the following sections, some programmes under the MSMEs sector could also be linked to this target.

4.2 Geographic allocation

As in section 4.1, data from 2017-2020 EFSD operational reports and EFSD+ Operational Board documents is used here to analyse the geographic allocation of the funds, and its alignment with inclusive development priorities.

4.2.1 Priority to LDCs, fragile states and HIPCs

In line with Agenda 2030, the NDICI-GE Regulation devotes special attention to: LDCs; countries experiencing fragility or conflict; small island developing states; landlocked developing countries; and HIPCs. This Regulation stipulates that priority must be given to these countries in the resource allocation processes. The EU and its Member States are committed collectively to provide 0.7 % of GNI as ODA by 2030, including 0.2 % of GNI to LDCs. That means that almost 30 % of the EU assistance should be allocated to LDCs.

This geographically inclusive approach applies to EFSD+ which is expected to provide extra support for institutional capacity building, economic governance and technical assistance, as well as more concessional terms in lending and guarantee operations.

As shown in the following graph, LDCs, fragile states and HIPCs did receive a large share of EFSD grants available for blending projects. Indeed, LDCs received a higher percentage than the target set in the NDICI-

[13] If the EFSD+ PIPs analysed for this research materialise, social sectors would represent 14 % of the EFSD+ Open Architecture Guarantees.

GE Regulation and EU Council Conclusions. Conversely, guarantees under the EFSD and EFSD+ seem to have difficulties in reaching out to priority countries such as LDCs.

Figure 2: Estimated geographic allocation of EFSDs

(% of EFSD resources in reported investments and EFSD+ resources in Open Architecture proposed investments. Recipient countries can be in several categories)

Source: EFSD operational reports & Operational Board-Summaries of PIPs.

4.2.2 Infrastructure and SME finance can be channelled to LDCs

Zambia exemplifies how EFSD resources can be used in challenging geographic contexts. Zambia is an LDC, a HIPC and a fragile state. Additionally, it is a landlocked developing country and yet it has received EFSD funding for four projects.

So far as infrastructures are concerned, the '[Great North Road Upgrade Project]' was financed by the EIB with EFSD technical assistance and subsidies. This project comprised upgrading a 422-kilometer section of the Great North Road in Zambia and included provision of new bridges and improvements to those already existing as well as the drainage systems (EIB, 2022d). Similarly, an AFD loan for the construction of the Zambia-Tanzania Power Interconnector benefitted from an EFSD grant (EEAS, 2022).

Zambia also participates in the ElectriFi programme, an EFSD-funded initiative of the EDFI MC, in which FMO also acts as leading member and accredited/pillar-assessed entity. ElectriFi promotes renewable energy, such as solar and wind power plants, by providing financing to local businesses and projects that offer via affordable and renewable energy solutions. In this respect, the programme cuts across the two main overarching areas of EFSD investments, infrastructures and private sector development (EDFI ElectriFI, 2022).

Under this third heading, Zambia also benefits from the EIB Agriculture Value Chain Facility by providing suitable finance to SMEs, that are active along the agriculture and aquaculture value chains, for which this project aims at integrating smallholder farmers (EIB, 2022e).

4.2.3 Challenges in resource allocation to LDCs

While the infrastructure projects described above are just various examples of a broader reality with 48 EFSD infrastructure projects implemented in 24 LDCs, the Zambia Agriculture Value Chain project is a rare case. Indeed, only five EFSD investments targeted private sector development, with two having a general scope (in Uganda and Ethiopia) and three focusing on agriculture businesses (Malawi, Senegal and Zambia).

A recent review of national indicative programmes also suggests that African EFSD+ resources will be heterogeneously distributed across countries, with the Democratic Republic of the Congo, Chad and Somalia reserving less than 2 % of the country allocation for guarantees, probably due to high debt burdens, governance and security challenges (Lundsgaarde, 2023).

4.2.4 Reducing inequalities within countries

Case studies recall that, in addition to the priority given to LDCs versus other developing countries, relevant geographic imbalances within countries must also be considered in the process of EFSD resource allocation. In **Jordan**, for example, significant regional and urban/national imbalances exist calling for attention and action in order to encourage equitable development and lessen inequalities. These imbalances include, *inter alia*, regional disparities, a pronounced urban-rural cleavage and the differential settlement of refugee communities (UNDP, 2017). Despite the Nasira programme's success in terms of creating employment and income opportunities among underserved segments of the population, its outreach concentrates strongly on the Amman area (see section 4.4).

In **Ghana**, where inequalities across regions are also prevalent, the AgriFI strategy focuses on the country's poorest parts, namely the northern and Upper West regions, and targets 12 000 smallholder farmers. To his end, AgriFI has invested in a MFI which is already supporting 18 000 farmers and agriculture MSMEs with significant presence in Northern regions and two branches in the Upper West. The AgriFI programme design was praised by contacts in the countries for having resulted from dialogue with the EU Delegation.

In more general terms, various contacts agree that difficulties to reach out to impoverished regions relate to commercial banks' reluctance to move from economic poles to higher-risk areas which is compatible with programmes and projects that are often delineated for countries or even regions. There is also an agreement that targeting the regions and areas which are most in need within one country requires refinement of each programme at country level, following dialogue with key national actors and observers, including EU Delegations and networking with a broad range of financial intermediaries as explained in the following section.

4.3 Channel allocation

Part of the EFSD+ inclusive approach consists of supporting private and cooperative sector development with a particular focus on local companies and SMEs (EU, 2021: Annex V). Moreover, both EFSD and EFSD+ included a dedicated investment window for MSMEs, explicitly covering microenterprises and entrepreneurs. From an inclusive development perspective, the question arising regards the extent to which the funding allocated to private sector development is reaching out to small local businesses.

4.3.1 Can Europe-based DFIs reach out to small local businesses in remote countries?

The EFSD annual reports and information circulated on EFSD+ PIPs do not allow for a determination of how small and local the companies are that make the final productive investments subsidised with EFSD grants and guarantees. The MSMEs category covers a broad range of economic actors, from individual entrepreneurs to companies with up to 250 employees and EUR 50 million of annual turnover. These can be fully owned by local shareholders or include participation by international investors and groups. Considering the dual nature of developing countries' economies, with disconnected formal and informal sectors, coupled with the fact that funding is channelled primarily by EU-based financial institutions with little field capacity, it cannot be guaranteed that the EFSDs' private sector development windows are targeting small local businesses.

Further reflecting on this issue, the following table provides information on EFSD+ PIPs approved under the MSMEs window[14] and the type of intermediaries on which the EU DFIs rely to connect with developing countries' companies according to information available. These intermediaries and target companies are described below in the exact terms of the PIPs summaries submitted to the EFSD+ Operational Board.

Table 5: EFSD+ MSME Investment: intermediaries and target companies

Partner	Investment title	Intermediaries	Target companies
EIB/EDFI	1. Boost Ventures in Africa	Venture Capital and Equity innovation impact funds	Start-ups, young and innovative businesses
EBRD	2. Central Asia & Turkey Financial Inclusion Programme	Financial intermediaries	MSMEs, focus on rural areas in Central Asia and Mongolia; focus on women entrepreneurs in Turkey
EDFI	3. EDFI Transformational Global Value Chains Guarantee Programme		Especially mid-size corporates and SMEs
EDFI MC	4. MSME Platform PLUS	Local Financial Intermediaries	MSMEs
EDFI	5. Liquidity Platform for Impact	Impact funds	SMEs
AfDB	6. Africa SME Programme for Inclusive Growth and Job Creation	Local financial institutions	SMEs
AfDB	7. Social Impact Investment Programme for Africa	Impact funds	MSMEs
COFIDES/ AECID	8. Global Social Impact Fund		MSMEs
COFIDES/ AECID	9. Triple inclusive finance	Financial Service Providers	MSMEs, with small a farmer focus

[14] MSMEs are simultaneously an investment sector and a channel through which to allocate investment into other sectors, as in the case of the Electrifi in Zambia. This section focuses on the MSMEs window.

Partner	Investment title	Intermediaries	Target companies
DEG/GIEF	10. Global Impact Equity Fund	Private Equity and Venture Capital Funds and a Fund of Funds	Start-ups, fintechs and SMEs
FMO	11. NASIRA+ (FMO0102)	Private banks	Underserved entrepreneurs and promoting clean energy
Danish Investment Fund for Developing Countries	12. Climate Action Investment Fund	Equity investment fund	Early-stage ventures
PROPARCO	13. Choose Africa Ventures Programme	Venture Capital and Equity innovation impact funds	Start-ups
PROPARCO	14. Impact+ Risk Sharing Mechanism	Financial institutions	Underserved MSMEs, focus on women and youth
PROPARCO	15. Liquidity Accelerator Fund	Fund of funds	Private equity funds and investors
Caribbean Development Bank	16. Regional Credit Enhancement Facility	Local financial institutions	Loans to MSMEs

Source: Summaries of PIPs.

With few exceptions, programmes guaranteed by the MSMEs window define their targets in very broad terms. Only 4 out of 17 summaries refer to concrete beneficiary groups that reflect the EFSD+ inclusive approach, such as: the FMO Nasira programme, focused on underserved entrepreneurs; the *Compañía Española de Financiación del Desarrollo* (COFIDES)/AECID triple inclusive finance focused on small farmers; the PROPARCO Impact+ Risk Sharing Mechanism focused on underserved women and youth entrepreneurs; and the EBRD Central Asia & Turkey Financial Inclusion Programme MSMEs, focused on rural areas in Central Asia and Mongolia, as well as women entrepreneurs in Turkey. Elsewhere, various target groups indicate a focus on innovation and technology development rather than inclusion. None of the programmes listed are explicitly aimed at cooperatives, despite the first EFSD+ priority area being to 'provide finance and support to private and cooperative sector development' (EU, 2021: Annex V).

Concerning intermediaries, most MSMEs programmes rely on entities that do not necessarily engage in inclusive economic development. These are named as local financial institutions, venture funds or equity funds. The exceptions to this are impact funds channelling the resources of: the EDFI Liquidity Platform for Impact; the AfDB Social Impact Investment Program for Africa; and the PROPARCO Africa Ventures Programme[15]. Strangely, no programme has committed to channelling resources through MFIs or facilities, which are the traditional financial channel for connecting with small entrepreneurs in poor countries (Pérez, et al., 2020). In the following sub-sections, examples of how certain EFSD guarantee programmes reach out to small local businesses effectively are provided so as to reflect further on how EFSD+ is enhancing its inclusive approach.

[15] Impact funds explicitly intend to generate positive, measurable social and environmental impact alongside a financial return. For more information, see GIIN, 'what you need to know about impact investing', webpage, nd (Accessed on 15 April 2023).

4.3.2 The case of Nasira and the focus on underserved segments

One of the programmes that explicitly targets small entrepreneurs is the Nasira Guarantee mobilised by FMO in **Jordan,** among other neighbour countries, in partnership with two major Jordanian banks, Etihad Bank and Capital Bank. Nasira is a risk-insuring facility that provides portfolio guarantees to local banks which provide liquidity to small clients. FMO's goal is to bridge the unfunded guarantee gap by removing portfolio credit risk, which incentivises banks to expand their outreach to financially excluded groups, such as women-owned businesses, youth and small agribusinesses. This programme also includes technical assistance to financial intermediaries in order to facilitate their expansion towards underserved business segments and their related risk assessments. Technical assistance for borrowers is also included with a focus on sustainability issues. EU and country contacts praise this programme for its capacity to move mainstream commercial banks towards underserved segments, recognising that most SME-finance programmes supported by DFIs are more risk averse and do not easily reach out to small entrepreneurs despite its social impact. Moreover, Nasira partners confirm that the programme's initial results are positive in terms of pay-back, suggesting that such lending activities could be sustained in future, based on knowledge gained in targeting small entrepreneurs without the need for mobilising guarantees.

4.3.3 Is Nasira a social protection programme?

'Social protection, or social security, is defined as the set of policies and programmes designed to reduce and prevent poverty and vulnerability across the life cycle. Social protection includes nine main areas: child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors' benefits. Social protection systems address all these policy areas by a mix of contributory schemes (mainly social insurance) and non-contributory tax-financed schemes (universal/categorical schemes and social assistance)' (ILO, 2020: 29).

In this vein, lending programmes targeting well-defined underserved segments of people, such as the Nasira programme, could also be considered as including social protection and thus count for the achievement of the 20 % target of ODA allocated to social inclusion and human development. In any case, to follow up on this target and enhance the submission of proposals that clearly provide finance to well-defined underserved populations for self-employment and income generation, the MSMEs window should be broken down into different sub-windows defined in terms of the size and profile of MSMEs. One could focus on individual entrepreneurs and another could be dedicated to cooperatives in compliance with Annex V of the NDICI-GE Regulation that refers to cooperative and private sector development as the key priority area for EFSD+ support.

4.3.4 Microfinance institutions - Microfund for Women

Another example of small local business outreach is the GEFF which operates in **Jordan** within the EBRD's framework. This facility contributes financially towards a more sustainable economy for the country, aiming to tackle climate change challenges by motivating households and MSMEs to invest in innovative technologies that promote energy, water and material efficiency solutions, as well as renewable energy (EBRD, 2022).

EBRD channels its funding through two commercial banks, the Cairo Amman Bank and the Etihad Bank, together with Microfund for Women (MFW), a non-profit organisation that provides financial services and guidance to low-income and marginalised groups in Jordan. This organisation's mission is to empower women by promoting gender equality, social inclusion and economic development. The programme's first goal is to improve the Fund for Women's product sales and services. MFW offers a competitive edge to its clients by providing a 10 % cashback if they obtain a loan from MFW. The second goal is to target a new segment, such as the agricultural sector. The third and most vital sector is climate change, specifically investment in green energy. This project examines their provision of loans from various perspectives, such as social benefits and climate effects. Clients benefit whenever 10 % of their loans become subject to cashback, which covers the interest rate. Loans also indirectly assist with expenses towards, for instance, green energy or energy-saving products/equipment, which can lower electricity bills and improve the lives of clients and their families. Poverty is also reduced when business costs decrease, as business owners benefit from increased income. Although MFW serves 96 % of women clients, men can also be included.

Country contacts indicated that the MFW and GEFF programmes in Jordan are effectively providing economic opportunities for the poor, particularly women entrepreneurs. The MFW's initiatives provide microfinance services and support to women entrepreneurs, while the GEFF funding focuses on energy-efficient and sustainable energy technologies. Measures used to evaluate the poverty reduction effects of these programmes, such as annual reports, social inclusion and environmental sustainability, provide a comprehensive understanding of their impact on the standard of living for poor people.

Establishment of the EBRD-MFW partnership was made possible by EBRD's business model based on deployment capacities in the field, which includes a country office in Jordan. On this note, it is worth recalling that the main EFSD+ partner, the EIB, within the framework of its EIB Global creation, has recognised that it needs to have a presence closer to local people, companies and institutions. Hence, in line with plans to deploy capacity in the field, the EIB is currently setting up a hub in Nairobi, Kenya and intends to open five more in Côte d'Ivoire, Serbia, Egypt, Ukraine and South Africa (EIB, 2022b).

4.3.5 Actual and potential local intermediaries in Ghana

In **Ghana**, EFSD resources were allocated to infrastructures and health. Under EFSD+, PROPARCO is including Ghana in the 'Choose Africa Ventures Programme', which invests in start-ups through venture capital funds and equity innovation impact funds. PROPARCO's partner in Ghana is the Ecobank Transnational Incorporated, a pan-African bank group.

According to contacts in the country, Ghanaian commercial banks play a role in financing small local businesses, including SMEs, through a range of financial products and services, including loans, overdraft facilities and other types of financing. However, they tend to have stretching acceptance requirements and thus may not be as accessible to small businesses as other types of financial intermediaries. These include agricultural and rural development banks, MFIs as well as credit unions and cooperatives. By their very nature, such organisations are connected to small local businesses, including self-employed individuals, family-based businesses, micro-enterprises, cooperatives and other similar entities.

Agricultural and rural development banks in Ghana, for instance the Agricultural Development Bank, are specialised financial institutions that provide credit and other financial services to farmers, agribusinesses and rural communities. All are state-owned and designed to support the agricultural sector's development, a key driver of the Ghanaian economy. The Agriculture and Rural Development Banks provide a range of financial services, including loans, insurance and savings products, to SMEs in rural areas.

MFIs in Ghana typically provide microloans, savings accounts and other financial products to self-employed individuals, small businesses and other vulnerable groups. They also often work with international development partners to expand their reach and thus the capacity to serve their clients (AFD, 2019). As per Section 4.2.4, AgriFi in Ghana has collaborated with microfinance intermediaries to connect with smallholder farmers who face challenges in accessing financial services. They offer customised financial and non-financial services to assist in enhancing their farming techniques and boosting efficiency (AgriFi, 2022).

Credit unions and cooperatives are member-owned financial institutions that provide a range of financial services to their members, including savings accounts, loans and insurance products. They are designed to be more community-based and often operate in rural areas where traditional banking services are limited. Credit unions and cooperatives in Ghana are typically organised around a specific community or industry and work closely with local businesses to provide financing and other support services.

4.4 Ensuring development impact

4.4.1 Alignment with SDGs

The EFSDs' investment portfolios are clearly aligned with SDGs. While most projects and programmes cut across various SDGs, infrastructure investments mainly point to SDG 6 on clean water and sanitation, SDG 7 on affordable and clean energy and SDG 9 on industry, innovation and clean energy, while private sector development investments are more oriented towards SDG 8 on decent work and economic growth. Additionally, EFSDs include an investment window directly related to SDG 11 on sustainable cities and communities. EFSD+ also puts extra effort into environmental issues with a natural capital window that aligns with SDG 14 on life below water and SDG 15 life on land.

At country level, the EFSD's relevance to countries' needs was also confirmed. In **Ghana,** for instance, the EIB Health Platform fully supported the Ghanaian Government's response to COVID-19 and broader challenges of the health care system, a key priority within the Ghana Shared Growth and Development Agenda (GoG, 2014). The Ghana-Burkina Faso interconnection line project also aligns with the Agenda's idea of tackling regional imbalances by investing in transport, electricity and water infrastructure across the northern regions of Ghana, which are more impoverished than those in the south. Finally, PROPARCO's support to SMEs targets unemployment challenges and is also highlighted in the Ghana Shared Growth and Development Agenda, falling under one of the EU-Ghana cooperation priorities, consisting in creating jobs and income opportunities by improving the business environment and promoting private sector development. This said, some advisers in the country indicated that EU Delegations have often lacked information about European DFIs' plans; earlier and more frequent exchanges would be needed to maximise alignment and complementarity of investments with broader EU development cooperation.

In **Jordan**, EFSD investments also point to key development priorities. Unemployment is the country's main development concern with a 23.9 % unemployment rate and a sizable share of Jordan's workforce forming part of the informal sector. This affects mainly young people aged 15 to 24 (FFYE, 2021) and therefore the Nasira programme and the GEFF channelled through the WMF are fully aligned not only with the national development agenda, but also that of EU cooperation, which prioritises economic growth, private sector development, gender equality and the empowerment of women (EEAS, 2022).

In **Zambia**, which is recognised as an LDC, EU aid supports inclusive development priorities of the Government's National Development Plan (GoZ, 2022) and Vision 2030 (GoZ, 2006). These include: advancing sustainable and inclusive growth; job creation; resilience and enhancing human development; as well as gender empowerment to reduce poverty and inequalities (EEAS, 2014). In this respect, while the Great North Road Upgrade Project and the ElectriFi Programme contribute to the overall sustainable development agenda, they do not fall under the key thematic priorities of EU cooperation in these countries. Programmes supporting entrepreneurship and employment among financially underserved groups, as in the case of Jordan, would be more aligned with these priorities.

4.4.2 Inclusive job creation

Based on the review of EFSD portfolios, it can be concluded that one of the most cited development impacts in the presentation of EFSD investments is job creation. This goal is often presented along with terms that reflect the NDICI/GE Regulation's inclusive development perspective, when considering *inter alia* business models, value chains and employment. In some cases, programmes even link job creation with poverty eradication, suggesting that the jobs created by EFSD investments are taken by poor people.

For instance, the EDFI Liquidity Platform for Impact, centred in developing a secondary market for impact funds, is expected to 'generate substantial numbers of new jobs for the poor' according to the EFSD+ PIP documents. The Caribbean Development Bank Enhancement Facility, with a loose definition of its target companies, is also presented as being oriented towards alleviating and even eradicating poverty (EC, 2022b). Similarly, the EDFI Transformational Global Value Chains Guarantee Programme, aiming at financing the transition of middle-size companies, claims to counter poverty through inclusiveness along the value chains (EC, 2022b).

However, the three case studies conducted here have revealed that it is difficult to assess the extent to which programmes and partnerships have created jobs and income opportunities for the poor, as specific data on these projects' outcomes is not readily available. Moreover, as explained in previous Sections, the target groups of these programmes and their expected effects are of necessity defined in broad terms lacking precision and quantitative indicators in terms of development outcomes.

4.4.3 Measuring development outcomes

Defining and measuring investments' development outcomes, including poverty reduction effects, is a critical aspect of work conducted by DFIs, which do not have the same control over the use of their funds as grant providers that award fully reimbursable aid against detailed development projects and programmes, conditioned to strong accountability requirements. That said, case studies reveal that DFIs maintain great interest in improving control over their development outcomes[16].

Significantly, FMO has incorporated the Joint Impact Model into its operation, which now facilitates quantification of indirect jobs, added value and greenhouse gas emissions related to investments of financial institutions. It is a joint initiative involving various DFIs and banks and thus not only allows for accountability of concrete programmes, but also contributes to the harmonisation and comparability of DFIs.

The measurement of direct and indirect jobs by entities such as FMO includes tracking achievements regarding, *inter alia*: women's access to finance; amount of loans distributed to women; SMEs; number of jobs; and youth benefits. This programme also monitors partners' compliance with human rights and environmental clauses, including: the monitoring of social and environmental impacts; the use of environmentally friendly technologies; as well as compliance with local laws and regulations.

According to interviews, European DFIs and banks (AFD, 2013; EIB, 2017; 2021b; FMO, 2019b) are increasingly incorporating a result-based management (RBM) approach that stresses the importance of concrete and measurable effects during investment planning, monitoring and evaluation. This process is as follows:

(i) Project identification: this reflects country priorities, sectoral strategies and priorities.

(ii) Project appraisal: DFIs carry out a detailed appraisal of each project to assess its feasibility and define a potential impact on development, poverty reduction and environmental sustainability.

(iii) Project implementation: DFIs are charged with monitoring the implementation of projects to ensure that they are being carried out as planned and that they are achieving their intended objectives.

(iv) Project evaluation: DFIs conduct ex post-evaluations of completed projects to assess their impact on poverty reduction and to identify lessons learnt for future projects. Indeed, various contacts indicated that impact assessments are conducted by DFIs to measure direct and indirect impact on development.

Despite the generalisation of a RBM approach among EFSD partners, EFSD has not presented development outcomes, planned or completed, in a precise and comprehensive manner. EFSD reports provide information mainly on resource allocation at different stages (Approved, Signed, Implementing, Ongoing)

[16] The previously-cited report of the European Court of Auditors concluded "that, overall, the Commission and the EEAS had designed comprehensive geographical programmes, addressing a broad range of partner country needs and EU priorities, but there were deficiencies in the methodologies used for allocating funding to partner countries and in the setup of the monitoring framework".

and the estimated resource mobilisation. They do include some data on access to certain services such as water, sanitation or electricity as illustrative examples of the projects, but they are fragmented and do not contain information on jobs and income opportunities.

Under the EFSD+, this is changing. The EC has developed an EFSD+ Result Management Framework (ReMF) to facilitate the accurate reporting of EFSD+ funded individual interventions and related results in connection with NDICI-GE as well as the Instrument for Pre-accession Assistance (IPA) III objectives and the related corporate system of indicators (Global Europe Results Framework and IPA III Results Framework-IPA III RF). The EFSD+ ReMF allows for the harmonisation of approaches and systematic design of results chains for each intervention (blending and budgetary guarantees) funded by EFSD+.

Results chains explicitly define development outcomes and assess an intervention logic against EFSD+ objectives, which are required by the EC for each intervention funded by EFSD+. The individual results chains come along with related indicators (baselines, targets and data sources) that are to be captured in the new Results Framework table, which is to be used in monitoring and evaluation. Monitoring and reporting on progress towards achievement of outcomes and outputs of blending interventions/budgetary guarantees will the responsibility of any Lead Financial Institution signing an Agreement with the EC. Indications of progress are to be provided not just in narrative form within the progress reports, but also via updating the results framework attached to the Agreement.

Indicators play a key role in the definition and measurement of EFSD+ development outcomes. The EC puts forward a list of indicators consistent with its own programming and standards on concrete development finance work areas, such as private sector development. These come from different sources including the Global Europe Results Framework, the IPA III Results Framework, the EU Platform for Blending in External Cooperation, the Harmonised Indicators for Private Sector Operations, the EFSD and the Western Balkans Investment Framework. The EC also allows DFIs to define their own indicators to be consistent with results frameworks and data collection systems.

Ongoing progress in the definition and measurement of EFSD+ development outcomes was widely acknowledged by most of the advisers contributing to this study. However, the EC has not made public the EFSD+ ReMF.

4.5 Preventing unintended negative impacts

EFAD partners generally aim to prevent unintended negative impacts on human rights, social or environmental with strategies that employ tools such as: exclusion lists; environmental, social and governance policies; due diligence procedures; and grievance mechanisms. These are presented in the following subsections along with a reflection on the relevance of setting EU standards to govern the effective use of such instruments and related accountability.

4.5.1 Exclusion lists

EFAD partners elaborate on exclusion lists that are transferred to financial intermediaries and exclude certain companies or activities from obtaining development finance. The EIB, for instance, regarding its financing projects has published a list of exclusions for propositions which, *inter alia*: limit people's individual rights and freedom; violate human rights, in being related to forced labour or child labour; breach climate and environmental terms, such as emission-intensive activities or the conversion of natural forests into plantations (EIB, 2022a).

4.5.2 Environmental and social standards

For non-excluded activities and companies, DFIs adopt social as well as human rights and environmental standards that reflect the clauses forming part of financing contracts. The AFD, for instance, has adopted Environmental and Social Safeguard Policies, a Gender Strategy and a Human Rights Strategy (AFD, 2021).

Similarly, the EIB has adopted various policies and guidelines to ensure compliance with human rights and environmental clauses, including the Environmental and Social Sustainability Framework and the Anti-Fraud and Corruption Policy (EIB, 2021a; 2022c). The Framework includes specific requirements for environmental and social risks management together with impacts in projects financed by the bank. FMO has an Environmental and Social Policy that outlines the standards with which projects must comply (FMO, 2022).

FMO links its environmental, social and governance (ESG) responsibilities with additionality principles that are being disseminated across its partners through continual support and due diligence assessments, which include:

- ESG additionality: providing additional, non-financial value (such as green and inclusive development impact, environmental and social risk management as well as governance improvements).
- Financial additionality: providing DFI's funding where the market either does not or otherwise does, but on an inadequate scale and under unreasonable terms.
- Mobilising role: leveraging third-party funds that would not be mobilised in the absence of the DFI.

4.5.3 Due diligence

Standards not only inform financing contracts but also provide due diligence procedures guiding financial partners in their introduction of systems, which ensure compliance with human rights along with social and environmental responsibilities, that can integrate the financiers' standards. All DFIs being analysed for this study conduct due diligence audits before any funding is agreed and follow up during its implementation.

4.5.4 Grievance mechanisms

In the event of any complaints or concerns about compliance with human rights and environmental clauses, DFIs' grievance mechanisms come into play. These provide a platform for stakeholders to voice their dissatisfaction and seek resolution. While no evidence was found of such complaints within the programmes analysed, grievance mechanisms were present in all cases.

The EIB, for instance, has a grievance mechanism called the Complaints Mechanism, which provides a formal process for individuals and communities to raise complaints related to the environmental and social impacts of EIB-funded projects (EIB, 2018). This is an independent body that investigates complaints and produces findings and recommendations for the EIB's Board of Directors.

The AFD's Mediation and Complaints Mechanism receives written concerns from individuals or groups who may have been negatively affected by the bank's activities (AFD, 2022). The mechanism then investigates and makes recommendations to AFD's management. This organisation also provides a platform for dialogue between all parties involved in the complaint.

Similarly, the FMO has established its Independent Complaints Mechanism, which is responsible for receiving and processing complaints related to FMO-funded projects. It is an independent office that carries out investigations and makes recommendations for remedial action (FMO, 2019a).

4.5.5 Lack of Team Europe harmonised standards and follow-up

As referred to in the previous paragraphs, responsibility for preventing unintended negative impacts on human rights, social and environmental issues is taken by EFAD partners according to their own systems and procedures, which are apparently similar across entities. However, according to contacts in the various countries different requirement levels pertain in practice. Moreover, the implementation of these standards, including the receipt and investigation of complaints as well as other controversial cases, is *not* followed up jointly for the whole Fund, despite the Global Gateway having assigned such significance to EFSD+ investments in demonstrating the EU's reliability as a democratic development partner.

Hence, it is worth recalling that the Global Gateway strategy starts by stating that 'Democracies – and the values that underpin them – must demonstrate their ability to deliver on today's global challenges' (European Commission, 2021a: 1). It presents the EU as a trusted partner for developing countries to design projects that are sustainable and of high quality, while at the same time being implemented with high levels of transparency and optimum standards. The Global Gateway expects EFSD-funded investments to demonstrate 'how democratic values offer certainty and fairness for investors, sustainability for partners and long-term benefits for people around the world' (EC, 2021a: 2). This means adhering to the rule of law, upholding high standards of human, social and workers' rights, as well as taking an ethical and transparent approach to infrastructure projects, so that they do not create unsustainable debt or unwanted dependencies. The people most affected by potential projects must have their full say through proper public consultations and civil society involvement.

The NDICI-GE Regulation also states that EFSD+ investments must undergo *ex ante* evaluations to determine the possible implications and risks of these operations for human rights, environmental, labour and social standards, taking into account the principle of free and prior informed consent of any affected communities in land-related investments.

5 Conclusions

On its establishment in 2017, EFSD was guided by an EU External Investment Plan with the rationale of encouraging private investments contributing to inclusive growth and job creation, which in turn could tackle the root causes of irregular migration. Consistent with this logic, SME finance was the most important investment area for EFSD guarantees, followed by infrastructure investments. **Social sectors were essentially absent in the initial EFSD design,** but this changed in 2020 when the Fund became part of the EU response to COVID-19. At this time, the EIB European Health Platform received the largest EFSD guarantee, which was dedicated to supporting the COVAX initiative and related capacity-building in the health sector.

In November 2021, the EFSD+ Open Guarantee defined an investment window targeting education, health and social protection, under the title 'Human Development'. Shortly thereafter, the **Global Gateway, despite its focus on hard infrastructures, began to include health and education among its five investment priorities**. While EFSD+ involvement in the health sector clearly targets vaccine production as well as private investment, and there are also examples of EFSD blended finance in the education sector, there is **little clarity on what kind of bankable projects EFSD+ envisages in the social protection sectors**.

Although **social sectors are likely to receive a significant share of guarantees of the EFSD+ Open Architecture (14 % according to the available information on PIPs)**, most investments supported by EFSDs relate to infrastructures and private sector development. In general, the priority given by bilateral donors and the EU to social sectors is being materialised in non-reimbursable aid tools such as grants and budget support, while reimbursable aid leveraging private resources flows towards infrastructure-project and SME finances.

That said, it is unclear if the NDICI-GE goal of allocating 20 % to social inclusion and human development should apply to the EFSD+ and its Open Architecture. In any case, the **current window structure does not facilitate any follow-up on the NDICI social target**, which in addition to the Human Development window, would include investments in water and sanitation as well as entrepreneurs finance, falling under two different EFSD+ investment windows: sustainable cities; and MSMEs.

It is estimated that LDCs, fragile states and HIPCs received a significant share of the EFSD grants available for blending project, but guarantees are not reaching the target set in the NDICI-GE Regulation and EU Council Conclusions, namely: to provide collectively 0.7 % of GNI as ODA by 2030, including 0.2 % of GNI to LDCs.

Moreover, participation by priority country groups in the EFSDs is not homogeneous across sectors. **LDCs are underrepresented in MSMEs investment windows** within the EFSD and EFSD+ Open Architecture. Concrete cases analysed in this Study, though, prove that it is possible to deploy various types of EFSD investments in challenging geographic contexts. This country is a landlocked LDC, a HIPC and a fragile state, which has yet to receive EFSD funding for four projects, with two of them targeting SMEs.

Case studies focused on EFSD programmes also recall the importance of **seeking a good geographic balance within countries**, as local financial intermediaries show reluctance to move from economic poles, which is compatible with programmes and projects that are often delineated for countries or even regions. Targeting the communities most in need within one country requires a refinement of each programme at country level. Unlike EFSD, EFSD+ is inserted into the programming of EU aid, including any dialogue between EU Delegations and partner countries and the elaboration of country-based multiannual indicative programmes. Hence, it is expected that such imbalances can be offset within the design of country windows for each programme.

Responding to social imbalances in the allocation of EFSDs' resources is also challenging, which is especially relevant in windows dedicated to MSMEs, given the broadness of such a term. In fact, EFSD annual reports and information circulated on EFSD+ PIPs do not make it possible to determine **how small and local target companies are.** Only 4 out of 17 summaries refer to concrete beneficiary groups that reflect the EFSD+'s inclusive approach.

Again, case studies prove that it is **possible for European DFIs to connect with underserved groups**, such as youth and women entrepreneurs. This was made possible by narrowing the programmes' targets as well as incentivising and assisting financial intermediaries to move out of their comfort area and engage with underserved populations associated with higher risk levels. In some cases, large development banks manage to enhance the inclusion of an SME finance programme by partnering not only with conventional banks but also a non-profit MFI. These entities, as well as rural banks, credit unions and cooperatives, seem generally to be absent from EFSD implementation channels despite its potential for inclusive development.

The **EFSDs' investment portfolios are clearly aligned with the SDGs**, including: SDG 6 – clean water and sanitation; SDG 7 – affordable and clean energy; SDG 9 – industry, innovation and clean energy; together with SDG 8 – decent work and economic growth. Additionally, both EFSDs include investment windows directly related to SDG 11, covering sustainable cities and communities. EFSD+ puts an extra stress on environmental issues with a natural capital window that aligns with SDG 14 – life below water and SDG 15 – life on land.

The **EFSD's alignment with SDG 1 on poverty eradication is not so clear**. Although the narrative of EFSD projects and programmes often link job creation and economic growth to poverty eradication, their target groups and expected effects are too broadly defined and lack precision. In addition to vagueness in the *ex-ante* definition of some development goals, case studies on EFSD investments have also revealed that it is difficult to assess the extent to which goals such as job creation or income generation have been achieved *ex post*, as specific data on project outcomes is not readily available. EFSD aggregated reporting focused on resource allocation at different stages, provides only illustrative examples of impact instead of comprehensive data on achievement of development targets. Indeed, various studies highlighted shortcomings in defining and measuring EFSD investment development outcomes.

Under EFSD+, this is changing. The **EC has developed an EFSD+ ReMF** to oversee and safeguard the correct design of EFSD+ funded individual interventions and related results. These must relate to the overall EU aid programming and standards that apply to relevant investment areas, such as private sector development. Fortunately, the DFIs themselves are extremely keen to address reporting gaps and hence tend to adopt RBM systems and impact-assessment methodologies.

Similarly, all DFIs consulted for the purpose of this Study follow similar strategies in preventing and remedying unexpected negative impacts on environmental and human rights. These strategies include exclusion lists, ESG standards, due diligence and grievance mechanisms. Despite the Global Gateway having stressed the importance of reflecting democratic values in EFSD+ investments, the **implementation of ESG standards is *not* followed-up by the EC**, nor is it foreseen as providing aggregated information on their application across different EFSD+ partners and programmes. Such information could, *inter alia*, cover the reception and investigation of complaints and controversial cases that are not followed up jointly for the whole Fund.

6 Recommendations

Based on these conclusions, the following recommendations are presented for the EP Development Committee's consideration during its scrutiny of NDICI implementation and participation as observer in the EFSD+ Steering Committee. Most recommendations are aimed at enhancing monitoring and reporting on successful implementation of the EFSD+ inclusive approach, understanding that good reporting is the basis for effective public and parliamentary scrutiny of EU aid.

(i) In order to enhance the EFSD+'s inclusive approach, it is recommended that the NDICI-GE target of 20 % of ODA allocation to social inclusion and human development also be applied to the EFSD+ and its Open Architecture. Although this target legally applies to the whole Instrument, given the shared interest in exploring the possibilities of mobilising private sector investment towards inclusive development, such a target would provide incentives for social innovation and would facilitate reporting on application of the inclusive approach in private finance mobilisation.

(ii) Consequently, the current window structure should be slightly modified in order to facilitate follow-up of the NDICI social target. Within sustainable cities, investments in water and sanitation should be differentiated. Similarly, the broad and vague MSMEs window should be broken down into different sub-windows defined in terms of MSMEs' size and profile. For instance, one could focus on individual entrepreneurs and another could be dedicated to cooperatives in line with Annex V of the NDICI-GE Regulation that refers to cooperative and private sector development as the EFSD+ key support area.

(iii) EFSD+ reports should also shed light on the type and number of intermediaries that are connecting European DFIs with final beneficiaries, using categories of intermediaries that inform on outreach to underserved segments and key target groups. Such categorisation should include MFIs, rural development banks, or credit unions and cooperatives, but also exclude those which are poorly connected.

(iv) Additionally, the EFSD+ strategic board should clarify its understanding of social protection, as a sector of the Human Development investment window, and its strategy contributing to this sector through bankable projects.

(v) EFSD+ reports should follow up on LDC participation by investment window and special attention should be provided to their involvement in the MSME window, as well as any factors enabling or limiting such involvement.

(vi) In middle income countries, application of the EFSD+ inclusive approach entails a focus on rural and impoverished areas within the country. This approach is already facilitated by the insertion of EFSD+ in national programming and could be further enhanced by differentiating in EFSD+ reporting investments located in economic poles from those targeting priority areas according to each EU Delegation and multiannual indicative programme.

(vii) The EC ReMF should be made public in order to facilitate scrutiny on progress towards more strategic and accountable development finance.

(viii) Considering the level of importance given by Global Gateway to reflecting democratic values in EFSD+ investments, EFSD+ reporting could provide information on the application of ESG policies across different partners and programmes, contributing also to the standardisation of EU development finance practices. Such information could cover, *inter alia*, the reception and investigation of complaints and controversial cases that are not followed up jointly for the whole Fund.

(ix) Similarly, EFSD+ reporting could provide information about other progress made by DFIs to enhance its strategic and operational capacities to deliver against development plans based on the ‘policy first’ principle. This would include the deployment of capacity in the field and interaction with EU Delegations.

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8 Annexes: EFSD and EFSD+ data

The following data is extracted from EFSD Operational Reports (EU, 2017; 2018; 2019; 2020) that cover guarantees and blended finance, as well as EFSD+ Operational Board documents that inform on PIPs for the EFSD+ Open Access Guarantee. While investment windows in the table correspond to the terminology of the EFSD reporting, the category 'investment areas' has been introduced by the authors on the basis of the investment window and investment title. Based on the research approach, these areas are infrastructures, private sector development and social sectors. The amounts included in the table represent EC contribution as reported in EFSD Operational reports on the basis of agreed investments. When an investment agreement targets several countries, EC contributions are linearly distributed across countries to estimate the share of resources allocated to relevant categories of countries, such as LDCs fragile states, or HIPCs.

8.1 EFSD Blending

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Energy	Climate Investor One	2017	Sub-Saharan Africa				12,28
Infrastructures	Energy	Transferability and Convertibility Facility	2017	Sub-Saharan Africa				18,82
Infrastructures	Energy	Projet DEFISSOL: Construction of a 25 MWc solar power plant and information system	2017	Benin	X	X	X	10,35
Infrastructures	Energy	ElectriFI country window	2017	Benin	X	X	X	5,00
Infrastructures	Energy	North Core - Interconnectior 330 kV - Burkina Faso	2017	Burkina Faso	X	X	X	15,30
Infrastructures	Energy	Complementary studies for the hydro-power plant Ruzizi IV	2017	Burundi	X	X	X	2,77
Infrastructures	Energy	Complementary studies for the hydro-power plant Ruzizi IV	2017	DRC	X	X	X	2,77
Infrastructures	Energy	Complementary studies for the hydro-power plant Ruzizi IV	2017	Rwanda	X		X	2,77
Infrastructures	Energy	Sustainable Energy for Côte d'Ivoire: 30 MWp Solar Power Plant in the context of the West African Power Pool	2017	Côte d'Ivoire		X	X	10,00
Infrastructures	Energy	ElectriFI country window	2017	Côte d'Ivoire		X	X	10,00
Infrastructures	Energy	WAPP 330 kV Ghana-Côte d'Ivoire Interconnection Reinforcement Project	2017	Côte d'Ivoire		X	X	15,35
Infrastructures	Energy	WAPP 330 kV Ghana-Côte d'Ivoire Interconnection Reinforcement Project	2017	Ghana			X	15,35

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Energy	Doubling of the 225 kV interconnector Manantali - Bamako OMVS	2017	Mali	X	X	X	26,66
Infrastructures	Energy	Mozambique-Malawi Interconnector	2017	Malawi	X		X	10,20
Infrastructures	Energy	Mozambique-Malawi Interconnector	2017	Mozambique	X	X	X	10,20
Infrastructures	Energy	Construction of a hybrid power plant in Agadez	2017	Niger	X	X	X	16,42
Infrastructures	Energy	Solar power plant Gorou Banda (Niamey)	2017	Niger	X	X	X	5,30
Infrastructures	Energy	North Core - Interconnector 330 kV - Nigeria- Niger-Bénin	2017	Benin	X	X	X	5,13
Infrastructures	Energy	North Core - Interconnector 330 kV - Nigeria- Niger-Bénin	2017	Niger	X	X	X	5,13
Infrastructures	Energy	North Core - Interconnector 330 kV - Nigeria- Niger-Bénin	2017	Nigeria		X		5,13
Infrastructures	Energy	ElectriFI country window	2017	Nigeria		X		30,00
Infrastructures	Energy	Modernisation and reinforcement of the network of SENELEC to support the development of renewable energies and the access to energy	2017	Senegal	X		X	7,00
Infrastructures	Energy	Extension and rehabilitation of CEET's electricity network in the Greater Lomé area	2017	Togo	X	X	X	8,00
Infrastructures	Energy	Construction of Muzizi Hydro Power Project	2017	Uganda	X	X	X	20,50
Infrastructures	Energy	ElectriFI country window	2017	Zambia	X	X	X	40,00
Infrastructures	Energy	Facility for Energy Inclusion (FEI)	2018	Sub-Saharan Africa				40,24
Infrastructures	Energy	Digital Energy Facility (DEF)	2018	Sub-Saharan Africa				26,50
Infrastructures	Energy	Electrical extension and densification project of the SBEE network (PEDER)	2018	Benin	X	X	X	14,65
Infrastructures	Energy	Ruzizi III - 220 kV Interconnection Project	2018	Burundi	X	X	X	7,50
Infrastructures	Energy	Ruzizi III - 220 kV Interconnection Project	2018	DRC	X	X	X	7,50
Infrastructures	Energy	Electricity interconnection project	2018	Cameroon		X	X	15,00
Infrastructures	Energy	Electricity interconnection project	2018	Chad	X	X	X	15,00

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Energy	EU Support to The Gambia Sustainable Energy Sector Programme	2018	Gambia	X	X	X	41,00
Infrastructures	Energy	Yeleen - Rural Electrification Project	2019	Burkina Faso	X	X	X	6,28
Infrastructures	Energy	Yeleen – Network Densification	2019	Burkina Faso	X	X	X	8,70
Infrastructures	Energy	Cameroon Rural Electrification Project	2019	Cameroon		X	X	16,15
Infrastructures	Energy	Sustainable Use of Natural Resources and Energy Finance in Côte d'Ivoire (SUNREF)	2019	Côte d'Ivoire		X	X	2,50
Infrastructures	Energy	Rural Electrification	2019	Côte d'Ivoire		X	X	11,50
Infrastructures	Energy	Reinforcement of the Electricity Transmission Network	2019	Kenya		X		7,00
Infrastructures	Energy	Sustainable Use of Natural Resources and Energy Finance in Madagascar (SUNREF)	2019	Madagascar	X	X	X	2,99
Infrastructures	Energy	PROLER+ - Support to EDM to Develop Renewable Energy Projects under PROLER	2019	Mozambique	X	X	X	26,70
Infrastructures	Energy	Northern Corridor - PASSEN	2019	Nigeria		X		25,70
Infrastructures	Energy	Zambia-Tanzania Power Interconnector - Tanzania section	2019	Tanzania	X	X	X	15,00
Infrastructures	Energy	Zambia-Tanzania Power Interconnector - Tanzania section	2019	Zambia	X	X	X	15,00
Infrastructures	Energy	ElectriFI country window II	2020	Burundi	X	X	X	9,32
Infrastructures	Energy	ElectriFI country window II	2020	Eswatini		X		5,00
Infrastructures	Energy	ElectriFI country window II	2020	Kenya		X		24,68
Infrastructures	Energy	Projet d'Interconnexion et de renforcement des réseaux de transport d'énergie électrique à Madagascar, phase 1 (PRIRTEM1)	2020	Madagascar	X	X	X	26,00
Infrastructures	Energy	Sahofika HPP	2020	Madagascar	X	X	X	13,00
Infrastructures	Energy	Projet d'Extension et de Réhabilitation du Réseau Electrique dans les Centres Urbains du Togo (PERECUT)	2020	Togo	X	X	X	15,00

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Energy	ElectriFI country window II	2020	Uganda	X	X	X	5,00
Infrastructures	Energy	Moldova-Romania Interconnection Phase I	2017	Moldova				40,75
Infrastructures	Energy	Masrik Solar Power Plant	2018	Armenia				3,23
Infrastructures	Energy	Suez Oil Processing Company Energy Efficiency	2018	Egypt				13,50
Infrastructures	Energy	Energy Sector Reform	2018	Georgia				8,80
Infrastructures	Energy	Noor Midelt I and II Solar Energy	2018	Morocco				61,10
Infrastructures	Energy	Ivano-Frankivsk District Heating	2018	Ukraine				2,53
Infrastructures	Energy	Ukrenergo: Integration of the Ukrainian Power Grid into the Synchronous Area Continental…	2018	Ukraine				8,95
Infrastructures	Energy	Public Buildings Energy Efficiency	2019	Armenia				11,47
Infrastructures	Energy	Electricity Grid Reinforcement Project	2019	Egypt				20,47
Infrastructures	Energy	Energy Efficiency in Public Buildings in Georgia	2019	Georgia				25,80
Infrastructures	Energy	Energy Efficiency in Public Buildings in Georgia	2019	Georgia				25,80
Infrastructures	Energy	Electricity Storage Projects	2019	Jordan				6,40
Infrastructures	Energy	Energy Efficiency Programme	2019	Moldova				15,40
Infrastructures	Energy	Energy Efficiency in Small Municipalities	2019	Ukraine				7,05
Infrastructures	Energy	Energy Efficiency in Small Municipalities	2019	Ukraine				7,05
Infrastructures	Energy	Green For Growth South (COVID-19 top-up)	2020	RegionalSouth				30,00
	Total Energy							1 001,62
Infrastructures	Energy/ Environm.	E5P Expansion to Azerbaijan (COVID-19 top up)	2020	Azerbaijan				5,35
	Total Energy/ Environment							5,35

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Environment	Niger Basin Climate Change Adaptation Project (PIDACC)	2018	Basin countries				7,49
Infrastructures	Environment	Niger Basin Climate Change Adaptation Project (PIDACC)	2018	Niger	X	X	X	7,49
Infrastructures	Environment	Lesotho Lowlands Water Development	2019	Lesotho	X	X		40,98
Infrastructures	Environment	Jirama Water III	2019	Madagascar	X	X	X	30,00
Infrastructures	Environment	Remediation of the Hann Bay (Dakar)	2019	Senegal	X		X	14,55
Infrastructures	Environment	Isingiro water supply and sanitation improvement project	2019	Uganda	X	X	X	8,45
Infrastructures	Environment	E5P Expansion to other Eastern Partnership countries: Belarus	2017	Belarus				10,20
Infrastructures	Environment	Kitchener Drain	2017	Egypt				46,98
Infrastructures	Environment	Green for Growth - Extension to Neighbourhood East II	2017	RegionalEast				10,20
Infrastructures	Environment	Hazardous Waste	2018	Georgia				8,34
	Total Environment							184,68
Infrastructures	ICT	Multinational Trans Sahara ICT Optic-fibre Backbone Project (TSB)	2018	Chad	X	X	X	14,79
Infrastructures	ICT	Multinational Trans Sahara ICT Optic-fibre Backbone Project (TSB)	2018	Niger	X	X	X	14,79
	Total Information and Communication Technology							29,57
Infrastructures	Social	Ukraine Recovery Programme	2020	Ukraine				7,30
	Total Social							7,30
Infrastructures	TA Facility	EFSD Joint Board Decision on Technical Assistance EAST	2018	RegionalEast				12,10
Infrastructures	TA Facility	EFSD Joint Board Decision on Technical Assistance SOUTH	2018	RegionalSouth				22,20
	Total TA Facility							34,30
Infrastructures	Transport	Construction of a bridge on the Logone river between Yagoua and Bongor and ancillary works	2017	Cameroon		X	X	20,48

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Transport	Construction of a bridge on the Logone river between Yagoua and Bongor and ancillary works	2017	Chad	X	X	X	20,48
Infrastructures	Transport	Port of Pointe Noire Extention and Upgrade Programme	2017	Congo		X	X	29,98
Infrastructures	Transport	Construction and asphalting of the road between Boké (Guinea) and Quebo (Guinea Bissau)	2017	Guinea	X	X	X	15,36
Infrastructures	Transport	Construction and asphalting of the road between Boké (Guinea) and Quebo (Guinea Bissau)	2017	Guinea-Bissau	X	X	X	15,36
Infrastructures	Transport	Madagascar Road Network Modernisation	2017	Madagascar	X	X	X	116,00
Infrastructures	Transport	Malawi M1 Road Rehabilitation	2017	Malawi	X		X	44,16
Infrastructures	Transport	Rehabilitation of the Malian section of the Trans Saharan road	2017	Mali	X	X	X	70,96
Infrastructures	Transport	Rehabilitation of the Trans Gambian Road Sénoba-Ziguinchor (phase 2)	2017	Senegal	X		X	25,60
Infrastructures	Transport	Port Victoria Rehabilitation and Extension	2017	Seychelles				5,40
Infrastructures	Transport	Great North Road	2017	Zambia	X	X	X	73,66
Infrastructures	Transport	Rehabilitation of the Northern Railway Cameroon (Belabo-Pangar-Ngaoundéré)	2018	Cameroon		X	X	23,58
Infrastructures	Transport	Transgambian Corridor Phase I - Construction of the Transgambian bridge and …	2018	Gambia	X	X	X	16,03
Infrastructures	Transport	Rural Roads	2018	Kenya		X		30,00
Infrastructures	Transport	Mano River Union Road Development and Transport Facilitation Programme	2018	Liberia	X	X	X	20,19
Infrastructures	Transport	Trade and investment facilitation project with COMESSA and Indian Ocean countries	2018	Madagascar	X	X	X	40,00
Infrastructures	Transport	Kampala-Jinja Toll Road	2018	Uganda	X	X	X	91,05
Infrastructures	Transport	Transport Corridor Development Project on Lake Tanganyika: rehabilitation of Bujumbura port	2019	Burundi	X	X	X	10,08

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Transport	Transport Corridor Development Project on Lake Tanganyika: rehabilitation of Bujumbura Port	2019	Zambia	X	X	X	10,08
Infrastructures	Transport	Malindi-Lunga Lunga/Horohoro – Begamoyo Road Project: Phase 1	2019	Kenya		X		30,68
Infrastructures	Transport	Multinational Nacala Road Corridor Development Project Phase V	2019	Malawi	X		X	18,77
Infrastructures	Transport	Blantyre Airport Rehabilitation	2019	Malawi	X		X	16,99
Infrastructures	Transport	Rodrigues Airport Development Project	2019	Mauritius				16,10
Infrastructures	Transport	Multinational Nacala Road Corridor Development Project Phase I	2019	Mozambique	X	X	X	24,96
Infrastructures	Transport	Securing the Ghana - Burkina Faso interconnection line project	2020	Ghana			X	10,20
Infrastructures	Transport	Armenia – Road Safety Improvement	2017	Armenia				5,41
Infrastructures	Transport	Rehabilitation of Alexandria’s Raml Tram	2017	Egypt				8,30
Infrastructures	Transport	Transport Connectivity (Georgia)	2017	Georgia				6,14
Infrastructures	Transport	Transport Connectivity (Ukraine)	2017	Ukraine				2,14
Infrastructures	Transport	Urban Road Safety	2017	Ukraine				4,42
Infrastructures	Transport	Meghri Border Crossing	2018	Armenia				11,67
Infrastructures	Transport	Municipal Transport and Investment Programme	2018	Ukraine				15,63
Infrastructures	Transport	Ternopil Bypass	2018	Ukraine				14,65
Infrastructures	Transport	Zhytomyr Trolleybus	2018	Ukraine				2,03
Infrastructures	Transport	Sisian-Kajaran Road North–South Corridor	2019	Armenia				1,82
Infrastructures	Transport	Lebanese Roadsand Safety	2019	Lebanon				20,71
Infrastructures	Transport	Kherson Trolleybus Project (Sub-Project)	2019	Ukraine				1,53
Infrastructures	Transport	Transport Connectivity & ITS	2019	Ukraine				36,92
Infrastructures	Transport	Urban Public Transport FL II	2020	Ukraine				4,28

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
	Total Transport							931,78
Infrastructures	Urban	Urban development and sanitation in priority neighbourhoods of Antananarivo – Phase III	2017	Madagascar	X	X	X	3,00
	Total Urban development							3,00
Infrastructures	Urban/Social	Proville 2	2017	Tunisia				30,69
Infrastructures	Urban/Social	PEURL	2018	Lebanon				20,56
	Total Urban/Social							51,25
Infrastructures	Waste	Mariupol Solid Waste Management (Sub-Project)	2019	Ukraine				4,65
	Total Waste							4,65
Infrastructures	Water	Climate Resilient Framework Loan	2020	Mozambique	X	X	X	10,61
Infrastructures	Water	Helwan Wastewater Treatment	2020	Egypt				25,60
Infrastructures	Water	Water Resources Management Programme VI (EU)	2020	Jordan				22,50
	Total Water							58,71
Infrastructures	Water/Sanitation	Fayoum Wastewater Expansion Programme	2017	Egypt				38,09
Infrastructures	Water/Sanitation	Adjara	2017	Georgia				7,36
Infrastructures	Water/Sanitation	Enguri HPP	2017	Georgia				7,35
Infrastructures	Water/Sanitation	Alexandria West WWTP	2018	Egypt				20,65
Infrastructures	Water/Sanitation	Khmelnytskyi Solid Waste	2018	Ukraine				5,95

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Water/Sanitation	Municipal Infrastructure	2018	Ukraine				5,35
Infrastructures	Water/Sanitation	Khashuri Water Supply and Sanitation	2019	Georgia				7,55
Infrastructures	Water/Sanitation	North East Balqa Wastewater	2019	Jordan				15,41
Infrastructures	Water/Sanitation	Adaptation to Climate Change & Water Saving	2019	Jordan				7,80
Infrastructures	Water/Sanitation	Saiss Garet Water Conservation Programme	2019	Morocco				19,13
Infrastructures	Water/Sanitation	Improvement of Tunisia's Water Systems	2019	Tunisia				40,86
Infrastructures	Water/Sanitation	PAP SONEDE – Drinking Water Sector	2019	Tunisia				12,40
Infrastructures	Water/Sanitation	Municipal Infrastructure Development	2019	Ukraine				15,53
Infrastructures	Water/Sanitation	Public Buildings Energy Efficiency	2019	Ukraine				15,56
Infrastructures	Water/Sanitation	Sanitation project Ramtha and Sahel Houran (COVID-19 top up)	2020	Jordan				19,00
	Total Water/Sanitation							237,99
Infrastructures		STEG reform and restructuring project	2020	Tunisia				22,96
Total Infrastructures								2.573,16
Of which LDCs								*1.196,49*

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
								46 %
Private sector	Agriculture	EDFI-Agrifi	2017	Sub-Saharan Africa				15,60
Private sector	Agriculture	Kenya Agri Value Chain Facility	2017	Kenya		X		10,00
Private sector	Agriculture	Agriculture development and food security in the rural areas of the Tiers Sud region in Senegal (Tiers Sud - Beydaare project)	2017	Senegal	X		X	20,53
Private sector	Agriculture	Huruma Fund	2018	Sub-Saharan Africa				6,63
Private sector	Agriculture	Agri-Business Capital Fund (ABC Fund)	2018	Sub-Saharan Africa				38,89
Private sector	Agriculture	Kulima Access to Finance Programme	2018	Malawi	X		X	14,00
Private sector	Agriculture	Agriculture Value Chains	2019	Zambia	X	X	X	14,92
Private sector	Agriculture	AgriFI Country Window	2020	Ghana			X	10,15
Private sector	Agriculture	Programme de Relance de l'Investissement de Modernisation des Exploitations Agricoles	2017	Tunisia				10,30
	Total Agriculture							141,02
Private sector	Energy/environ-ment/Private sector	SUNREF PALESTINE : Sustainable Use of Natural Resources and Energy Finance	2017	West Bank and Gaza Strip		X		8,35
	Total Energy/environment/Private sector							8,35
Private sector	Private sector	EURIZ	2017	Sub-Saharan Africa				26,45
Private sector	Private sector	Boost Africa	2017	Sub-Saharan Africa				61,40
Private sector	Private sector	Women's Financial Inclusion Facility (WFIF)	2018	Sub-Saharan Africa				10,00
Private sector	Private sector	African Guarantee Fund for Small and Medium Sized Enterprises (AGF)	2018	Sub-Saharan Africa				26,08
Private sector	Private sector	Creative Enterprise Action Fund	2019	Sub-Saharan Africa				5,76
Private sector	Private sector	REGMIFA - Cultural and Creative Financing Programme for Africa	2019	Sub-Saharan Africa				8,38

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Private sector	Private sector	Fashionomics Africa	2019	Sub-Saharan Africa				4,85
Private sector	Private sector	Liquidity Support and Debt Relief to Rural Financial Intermediation Programme's …	2020	Ethiopia	X	X	X	12,70
Private sector	Private sector	Job Creation for Youth and Women in Agricultural Value Chains	2020	Kenya		X		20,00
Private sector	Private sector	Kenya Team Europe COVID-19 Response Access to Finance	2020	Kenya		X		20,00
Private sector	Private sector	aBi Finance – Financial Inclusion for the Agricultural Sector in Uganda	2020	Uganda	X	X	X	10,00
Private sector	Private sector	EU DCFTA Facility, EBRD, Phase 2	2017	RegionalEast				38,90
Private sector	Private sector	EU Trade and Competitiveness Programme in Egypt and Jordan - EIB component	2017	RegionalSouth				25,60
Private sector	Private sector	MSME Promotion Programme	2018	Egypt				15,05
Private sector	Private sector	SEMED Financial Inclusion -extension to Leb	2018	Lebanon				0,00
Private sector	Private sector	EFSE Local Currency Initiative	2018	Moldova				6,20
Private sector	Private sector	GEFF	2018	Morocco				21,11
Private sector	Private sector	European Palestinian Credit Guarantee Foundation (EPCGF)	2018	West Bank and Gaza Strip		X		10,00
Private sector	Private sector	DCFTA East Guarantee Facility II	2018	RegionalEast				41,55
Private sector	Private sector	DCFTA East Local Currency Solution	2018	RegionalEast				5,30
Private sector	Private sector	MENA SANAD	2018	RegionalSouth				22,44
Private sector	Private sector	Green Economy Financing Facility II	2019	Egypt				24,86
Private sector	Private sector	Local Currency Lending – L Shares in GGF	2019	Georgia				10,36
Private sector	Private sector	Local Currency Lending – L Shares in GGF	2019	Georgia				10,10
Private sector	Private sector	Women in Business Programme	2019	Morocco				9,97
Private sector	Private sector	Equity for Promotion of Start-ups (ANAVA)	2019	Tunisia				15,90

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Private sector	Private sector	EFSE Local Currency Lending to MSMEs	2019	Ukraine				15,20
Private sector	Private sector	EFSE – Regional – Additional contribution to reinforce the activities of the EFSE in Armenia	2020	Armenia				17,00
Private sector	Private sector	Local Currency Lending – L & C Shares in GGF (COVID-19 top-up)	2020	Georgia				32,50
Private sector	Private sector	Emergency Trade Support for Lebanon (COVID-19 top up)	2020	Lebanon				26,04
Private sector	Private sector	TREEA - Revitalisation des Territoires Ruraux marocains par l'Emploi et l'Entreprenariat …	2020	Morocco				20,56
Private sector	Private sector	SEMED Financial Inclusion Programme ext. WB/Gaza	2020	West Bank and Gaza Strip		X		3,09
Private sector	Private sector	EFSE Covid-19 Response Package MSME (COVID-19 top up)	2020	RegionalEast				15,00
Private sector	Private sector	Local Currency Programme (COVID-19 top-up)	2020	RegionalEast				37,50
Private sector	Private sector	Women in Business in EaP Phase II (COVID-19 top up)	2020	RegionalEast				7,04
Private sector	Private sector	EBRD SBS programmes – EGP-BAS Phase II (COVID-19 top up)	2020	RegionalEast				5,30
Private sector	Private sector	DCFTA II EU4business Team Europe Emergency Support Facility (COVID 19 top-up)	2020	RegionalEast				31,20
Private sector	Private sector	MSME Local Currency Initiative (COVID-19 top-up)	2020	RegionalSouth				10,40
Private sector	Private sector	MENA SANAD III (COVID-19 top-up)	2020	RegionalSouth				35,00
	Total Private sector							718,79
Total Private sector development								868,16
Of which LDCs								*72,15*
								8 %
Social sectors	Education	Université Euro-méditerranéenne de Fès (UEMF)	2017	Morocco				13,57
Social sectors	Education	Promotion of Sustainable Energy in TVET*	2019	Egypt				13,52

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Social sectors	Education	Modernisation Établissements Scolaires II	2019	Tunisia				25,15
Social sectors	Education	Université Euro-méditerranéenne de Fès (UEMF) (COVID-19 top-up)	2020	Morocco				0,50
Social sectors	Education	Programme de scolarisation rurale	2020	Morocco				23,92
Social sectors	Education	Vocational Education and Training	2020	Ukraine				8,84
	Total Education							85,50
Social sectors	Social	Youth Employment Programme	2019	Morocco				15,42
	Total Social							15,42
Total Social sectors								100,92
Of which LDCs								*0,00*
								0 %
Total EFSD BLENDING								3 542,24
Of which LDCs								*1 268,64*
								36 %

8.2 EFSD Guarantees

Investment area[17]	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount [18]
Infrastructures	Digital	FMO Ventures Programme	2019	Jordan				40,00
	Total Digital							40,00
Infrastructures	Renewable energy	Removing barriers to private investment in renewable energy (EGRE non-sovereign)	2020	Sub-Saharan Africa, Northern Africa				62,00
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Benin	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Burundi	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Côte d'Ivoire				2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	DRC				2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Ethiopia	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Ghana			X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Kenya		X		2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Madagascar	X	X	X	2,56

[17] These categories have been introduced by the authors on the basis of the investment window and investment title.
[18] Amounts represent EC contribution as reported in EFSD Operational reports on the basis of agreed investments. When an investment agreement targets several countries, EC contributions are linearly distributed across countries to estimate the share of resources allocated to relevant categories of countries, such as LDCs fragile states or HIPCs.

Investment area[17]	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount [18]
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Malawi	X		X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Niger	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Nigeria		X		2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Rwanda	X		X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	South Sudan	X	X		2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Tanzania	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Togo	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Uganda	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Zambia	X	X	X	2,56
Infrastructures	Renewable energy	African Energy Guarantee Facility (AEGF)	2019	Zimbabwe		X		2,56
Infrastructures	Renewable energy	Boosting Investment in Renewable Energy	2019	Jordan				12,50
Infrastructures	Renewable energy	Boosting Investment in Renewable Energy	2019	Lebanon				12,50
Infrastructures	Renewable energy	Boosting Investment in Renewable Energy	2019	Tunisia				12,50

Investment area[17]	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount[18]
Infrastructures	Renewable energy	Boosting Investment in Renewable Energy	2019	Ukraine				12,50
	Total Renewable energy							158,00
Infrastructures	Urban	EU municipal, infrastructure and industrial resilience programme	2020	EU Neighbourhood				100,00
Infrastructures	Urban	Resilient City Development (RECIDE)	2019	EU Neighbourhood, SSA				100,00
	Total Urban infrastructure							200,00
Total Infrastructures								398,00
Of which LDCs								*30,67*
								8 %
Private sector	Small businesses	InclusiFI	2020	Africa				60,00
Private sector	Small businesses	EU Market Creation Facility	2020	Sub-Saharan Africa, SSA				165,00
Private sector	Small businesses	AgreenFI	2020	Dominican Republic				40,00
Private sector	Small businesses	AgreenFI	2020	Ghana			X	40,00
Private sector	Small businesses	AgreenFI	2020	Morocco				40,00
Private sector	Small businesses	AgreenFI	2020	Senegal	X		X	40,00
Private sector	Small businesses	SME Access to Finance Initiative	2019	Algeria				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Armenia				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Azerbaijan				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Belarus				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Egypt				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Georgia				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Israel				5,88

Investment area[17]	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount [18]
Private sector	Small businesses	SME Access to Finance Initiative	2019	Jordan				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Lebanon				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Libya		X		5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Moldova				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Morocco				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	SSA				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Tunisia				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Ukraine				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	West Bank and Gaza Strip				5,88
Private sector	Small businesses	SME Access to Finance Initiative	2019	Syrian Arab Republic				5,88
Private sector	Small businesses	Small Loan Guarantee Programme	2020	SSA & Neighbourhood				58,00
Private sector	Small businesses	Archipelagos One4A – One Platform for Africa	2019	SSA				30,00
Private sector	Small businesses	NASIRA Risk-Sharing Facility	2018	Egypt				25,00
Private sector	Small businesses	NASIRA Risk-Sharing Facility	2018	Jordan				25,00
Private sector	Small businesses	NASIRA Risk-Sharing Facility	2018	West Bank and Gaza Strip				25,00
Private sector	Small businesses	NASIRA Risk-Sharing Facility	2018	Zambia	X	X	X	25,00
	Total Small businesses							673,00
Private sector	Renewable energy	Renewable Energy Support Programme for mainly rural Sub-Saharan Africa	2020	Sub-Saharan Africa				20,00
	Total Renewable energy							20,00
Total Private sector								693,00
Of which LDCs								*65,00*

Investment area[17]	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount [18]
								9 %
Social sectors	Health/Digital	European Health Platform	2020	Africa, EU Neighbourhood				458,00
	Total Health/Digital							458,00
Total Social sectors								458,00
Of which LDCs								*0,00*
								0 %
Total EFSD GUARANTEE								1.549,00
Of which LDCs								*95,67*
								6 %

8.3 EFSD+ Guarantees

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Connectivity	Accelerate the energy transition - AccelerET	2022	Ghana			X	32,90
Infrastructures	Connectivity	Accelerate the energy transition - AccelerET	2022	India				32,90
Infrastructures	Connectivity	Accelerate the energy transition - AccelerET	2022	Indonesia				32,90
Infrastructures	Connectivity	Accelerate the energy transition - AccelerET	2022	Kenya		X		32,90
Infrastructures	Connectivity	Accelerate the energy transition - AccelerET	2022	Viet nam				32,90
Infrastructures	Connectivity	LEAF for Africa - Leveraging Energy Access Framework for Africa	2022	SSA				80,00
Infrastructures	Connectivity	Desert to Power Risk Sharing Facility	2022	Sahel				42,50
Infrastructures	Connectivity	Desert to Power Risk Sharing Facility	2022	SSA				42,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Botswana				11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Congo		X	X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	DRC	X	X	X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Madagascar	X	X	X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Rwanda	X		X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Senegal	X		X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	South Sudan	X	X		11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Tanzania	X	X	X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Togo	X	X	X	11,50
Infrastructures	Connectivity	Support in digitalization process for Sub-Saharan countries	2022	Zambia	X	X	X	11,50
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Benin	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Bolivia			X	5,40

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Burundi	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Colombia				5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	DRC	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Guatemala		X		5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Haiti	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Honduras		X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Madagascar	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Mozambique	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Nigeria		X		5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Peru				5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Tanzania	X	X	X	5,40
Infrastructures	Connectivity	Sustainable Off-Grid Lighting Programme (SOL Programme)	2022	Uganda	X	X	X	5,40
Infrastructures	Connectivity	JEFFREI	2022	APAC				70,33
Infrastructures	Connectivity	JEFFREI	2022	LAC				70,33
Infrastructures	Connectivity	JEFFREI	2022	SSA				70,33
Infrastructures	Connectivity	RISE (renewable infrastructure & sustainable energy partnership Africa-EU)	2022	Angola	X	X		65,98
Infrastructures	Connectivity	RISE (renewable infrastructure & sustainable energy partnership Africa-EU)	2022	Kenya		X		65,98
Infrastructures	Connectivity	RISE (renewable infrastructure & sustainable energy partnership Africa-EU)	2022	Niger	X	X	X	65,98
Infrastructures	Connectivity	RISE (renewable infrastructure & sustainable energy partnership Africa-EU)	2022	SSA				65,98

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Connectivity	INDESTA	2022	Burkina Faso	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	Cameroon		X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	Chad	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	DRC	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	India				5,37
Infrastructures	Connectivity	INDESTA	2022	Indonesia				5,37
Infrastructures	Connectivity	INDESTA	2022	Kenya		X		5,37
Infrastructures	Connectivity	INDESTA	2022	Lao	X	X		5,37
Infrastructures	Connectivity	INDESTA	2022	Madagascar	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	Mali	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	Nepal	X			5,37
Infrastructures	Connectivity	INDESTA	2022	Nigeria		X		5,37
Infrastructures	Connectivity	INDESTA	2022	Pakistan		X		5,37
Infrastructures	Connectivity	INDESTA	2022	Senegal	X		X	5,37
Infrastructures	Connectivity	INDESTA	2022	Sierra Leone	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	Uganda	X	X	X	5,37
Infrastructures	Connectivity	INDESTA	2022	Viet nam				5,37
Infrastructures	Connectivity	Africa GreenCo	2022	Angola	X	X		5,56
Infrastructures	Connectivity	Africa GreenCo	2022	Botswana				5,56
Infrastructures	Connectivity	Africa GreenCo	2022	DRC	X	X	X	5,56
Infrastructures	Connectivity	Africa GreenCo	2022	Malawi	X		X	5,56
Infrastructures	Connectivity	Africa GreenCo	2022	Namibia				5,56

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Connectivity	Africa GreenCo	2022	South Africa				5,56
Infrastructures	Connectivity	Africa GreenCo	2022	Tanzania	X	X	X	5,56
Infrastructures	Connectivity	Africa GreenCo	2022	Zambia	X	X	X	5,56
Infrastructures	Connectivity	Africa GreenCo	2022	Zimbabwe		X		5,56
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Côte d'Ivoire		X	X	40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Indonesia				40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Kenya		X		40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Malawi	X		X	40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Namibia				40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Nigeria		X		40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Senegal	X		X	40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	South Africa				40,11
Infrastructures	Connectivity	Green Energy for Africa & Indonesia	2022	Uganda	X	X	X	40,11
	Total Connectivity							1 497,38
Infrastructures	Natural Capital	EDFI Carbon Sinks	2022	APAC				88,50
Infrastructures	Natural Capital	EDFI Carbon Sinks	2022	LAC				88,50
Infrastructures	Natural Capital	EDFI Carbon Sinks	2022	South Neighbourhood				88,50
Infrastructures	Natural Capital	EDFI Carbon Sinks	2022	SSA				88,50
Infrastructures	Natural Capital	DFCD Aya Scalable Climate Solutions	2022	APAC				50,60
Infrastructures	Natural Capital	DFCD Aya Scalable Climate Solutions	2022	LAC				50,60
Infrastructures	Natural Capital	DFCD Aya Scalable Climate Solutions	2022	SSA				50,60
	Total Natural Capital							505,80

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Infrastructures	Sustainable Cities	Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)	2022	APAC				12,67
Infrastructures	Sustainable Cities	Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)	2022	East Neighbourhood				12,67
Infrastructures	Sustainable Cities	Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)	2022	LAC				12,67
Infrastructures	Sustainable Cities	Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)	2022	South Neighbourhood				12,67
Infrastructures	Sustainable Cities	Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)	2022	Türkiye				12,67
Infrastructures	Sustainable Cities	Financing and Accelerating the Sustainable Transition of Cities (FAST-Cities)	2022	Western Balkans				12,67
Infrastructures	Sustainable Cities	Guarantee Facility for Sustainable Cities	2022	APAC				77,00
Infrastructures	Sustainable Cities	Guarantee Facility for Sustainable Cities	2022	SSA				77,00
	Total Sustainable Cities							230,00
Total Infrastructures								2 233,18
Of which LDCs								469,01
								21 %
Private sector	Connectivity	Africa Connected	2022	Benin	X	X	X	9,09
Private sector	Connectivity	Africa Connected	2022	DRC	X	X	X	9,09
Private sector	Connectivity	Africa Connected	2022	Ghana			X	9,09
Private sector	Connectivity	Africa Connected	2022	Guinea	X	X	X	9,09
Private sector	Connectivity	Africa Connected	2022	Kenya		X		9,09
Private sector	Connectivity	Africa Connected	2022	Malawi	X		X	9,09

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Private sector	Connectivity	Africa Connected	2022	Mali	X	X	X	9,09
Private sector	Connectivity	Africa Connected	2022	Nigeria		X		9,09
Private sector	Connectivity	Africa Connected	2022	Rwanda	X		X	9,09
Private sector	Connectivity	Africa Connected	2022	Tanzania	X	X	X	9,09
Private sector	Connectivity	Africa Connected	2022	Zimbabwe		X		9,09
Private sector	Connectivity	EU Market Creation Facility (EUMCF)	2022	APAC				108,58
Private sector	Connectivity	EU Market Creation Facility (EUMCF)	2022	LAC				108,58
Private sector	Connectivity	EU Market Creation Facility (EUMCF)	2022	SSA				108,58
	Total Connectivity							425,75
Private sector	MSME	Africa SME Program for Inclusive Growth and Job Creation	2022	SSA				17,00
Private sector	MSME	Social Impact Investment Program for Africa (SIIPA)	2022	South Neighbourhood				7,50
Private sector	MSME	Social Impact Investment Program for Africa (SIIPA)	2022	SSA				7,50
Private sector	MSME	Caribbean Development Bank Regional Credit Enhancement Facility	2022	Caribbean				12,00
Private sector	MSME	Global Social Impact Fund (GSIF)	2022	SSA				12,00
Private sector	MSME	TIF II (Triple Bottom Line Inclusive Finance in Latin America. Promoting Climate Smart Finance & Better Access (TIF Programme) – Phase II)	2022	LAC				50,00
Private sector	MSME	DEG Global Impact Equity Fund (GIEF)	2022	LAC				49,85
Private sector	MSME	DEG Global Impact Equity Fund (GIEF)	2022	SSA				49,85
Private sector	MSME	Financial Inclusion	2022	Mongolia				12,50
Private sector	MSME	Financial Inclusion	2022	Türkiye				12,50
Private sector	MSME	EDFI MSME Platform plus	2022	Africa				56,25

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Private sector	MSME	EDFI MSME Platform plus	2022	East Neighbourhood				56,25
Private sector	MSME	EDFI MSME Platform plus	2022	South Neighbourhood				56,25
Private sector	MSME	EDFI MSME Platform plus	2022	Western Balkans				56,25
Private sector	MSME	Liquidity Platform for Impact	2022	APAC				44,00
Private sector	MSME	Liquidity Platform for Impact	2022	LAC				44,00
Private sector	MSME	Liquidity Platform for Impact	2022	South Neighbourhood				44,00
Private sector	MSME	Liquidity Platform for Impact	2022	SSA				44,00
Private sector	MSME	EDFI Transformational Global Value Chains Guarantee Programme	2022	APAC				64,67
Private sector	MSME	EDFI Transformational Global Value Chains Guarantee Programme	2022	LAC				64,67
Private sector	MSME	EDFI Transformational Global Value Chains Guarantee Programme	2022	SSA				64,67
Private sector	MSME	Boost Venture in Africa	2022	South Neighbourhood				72,00
Private sector	MSME	Boost Venture in Africa	2022	SSA				72,00
Private sector	MSME	Nasira+: a new chance guaranteed for underserved entrepreneurs and clean energy access	2022	APAC				32,83
Private sector	MSME	Nasira+: a new chance guaranteed for underserved entrepreneurs and clean energy access	2022	East Neighbourhood				32,83
Private sector	MSME	Nasira+: a new chance guaranteed for underserved entrepreneurs and clean energy access	2022	LAC				32,83
Private sector	MSME	Nasira+: a new chance guaranteed for underserved entrepreneurs and clean energy access	2022	South Neighbourhood				32,83

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Private sector	MSME	Nasira+: a new chance guaranteed for underserved entrepreneurs and clean energy access	2022	SSA				32,83
Private sector	MSME	Nasira+: a new chance guaranteed for underserved entrepreneurs and clean energy access	2022	Türkiye				32,83
Private sector	MSME	Danish Sustainable Development Goals Investment Fund II	2022	APAC				14,56
Private sector	MSME	Danish Sustainable Development Goals Investment Fund II	2022	South Neighbourhood				14,56
Private sector	MSME	Danish Sustainable Development Goals Investment Fund II	2022	SSA				14,56
Private sector	MSME	Climate Action Investment Fund (CAIF)	2022	APAC				16,33
Private sector	MSME	Climate Action Investment Fund (CAIF)	2022	SSA				16,33
Private sector	MSME	Choose Africa Ventures Programme	2022	SSA				44,10
Private sector	MSME	IMPACT+ Risk Sharing Mechanism	2022	APAC				74,00
Private sector	MSME	IMPACT+ Risk Sharing Mechanism	2022	SSA				74,00
Private sector	MSME	Liquidity Accelerator Fund (LAF)	2022	APAC				9,60
Private sector	MSME	Liquidity Accelerator Fund (LAF)	2022	SSA				9,60
	Total MSME							1 454,35
Private sector	Natural Capital	TERRA – Transforming and Empowering Resilient and Responsible Agribusiness	2022	South Neighbourhood				18,00
Private sector	Natural Capital	TERRA – Transforming and Empowering Resilient and Responsible Agribusiness	2022	SSA				18,00
Private sector	Natural Capital	TERRA – Transforming and Empowering Resilient and Responsible Agribusiness	2022	Türkiye				18,00
Private sector	Natural Capital	TERRA – Transforming and Empowering Resilient and Responsible Agribusiness	2022	WB				18,00
Private sector	Natural Capital	OFC (Debt for Nature Swaps)	2022	SSA				205,10

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Private sector	Natural Capital	ASWIF	2022	SSA				25,00
Private sector	Natural Capital	The AGRI3 fund	2022	APAC				47,17
Private sector	Natural Capital	The AGRI3 fund	2022	LAC				47,17
Private sector	Natural Capital	The AGRI3 fund	2022	SSA				47,17
	Total Natural Capital							443,62
Private sector	Sustainable Finance	Global Green Bond Initiative	2022	APAC				100,00
Private sector	Sustainable Finance	Global Green Bond Initiative	2022	LAC				100,00
Private sector	Sustainable Finance	Global Green Bond Initiative	2022	NEAR				100,00
Private sector	Sustainable Finance	Global Green Bond Initiative	2022	SSA				100,00
	Total Sustainable Finance							400,00
Total Private sector								2 723,71
Of which LDCs								63,64
								2 %
Social sectors	Human Development	HDX	2022	APAC				250,02
Social sectors	Human Development	HDX	2022	LAC				250,02
Social sectors	Human Development	HDX	2022	SSA				250,02
Social sectors	Human Development	First Mover Health Investors Fund	2022	LAC				35,52
Social sectors	Human Development	First Mover Health Investors Fund	2022	SSA				35,52
	Total Human Development							821,09
Total Social sectors								821,09
Of which LDCs								0,00
								0 %

Investment area	Window	Pogramme/project	Year	Country/region	LDC	Fragile	HIPC	Amount
Total EFSD+ GUARANTEE								5 777,98
Of which LDCs								532,65
								9 %

PE 702.595
EP/EXPO/DEVE/FWC/2019-01/Lot3/R/09b

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