

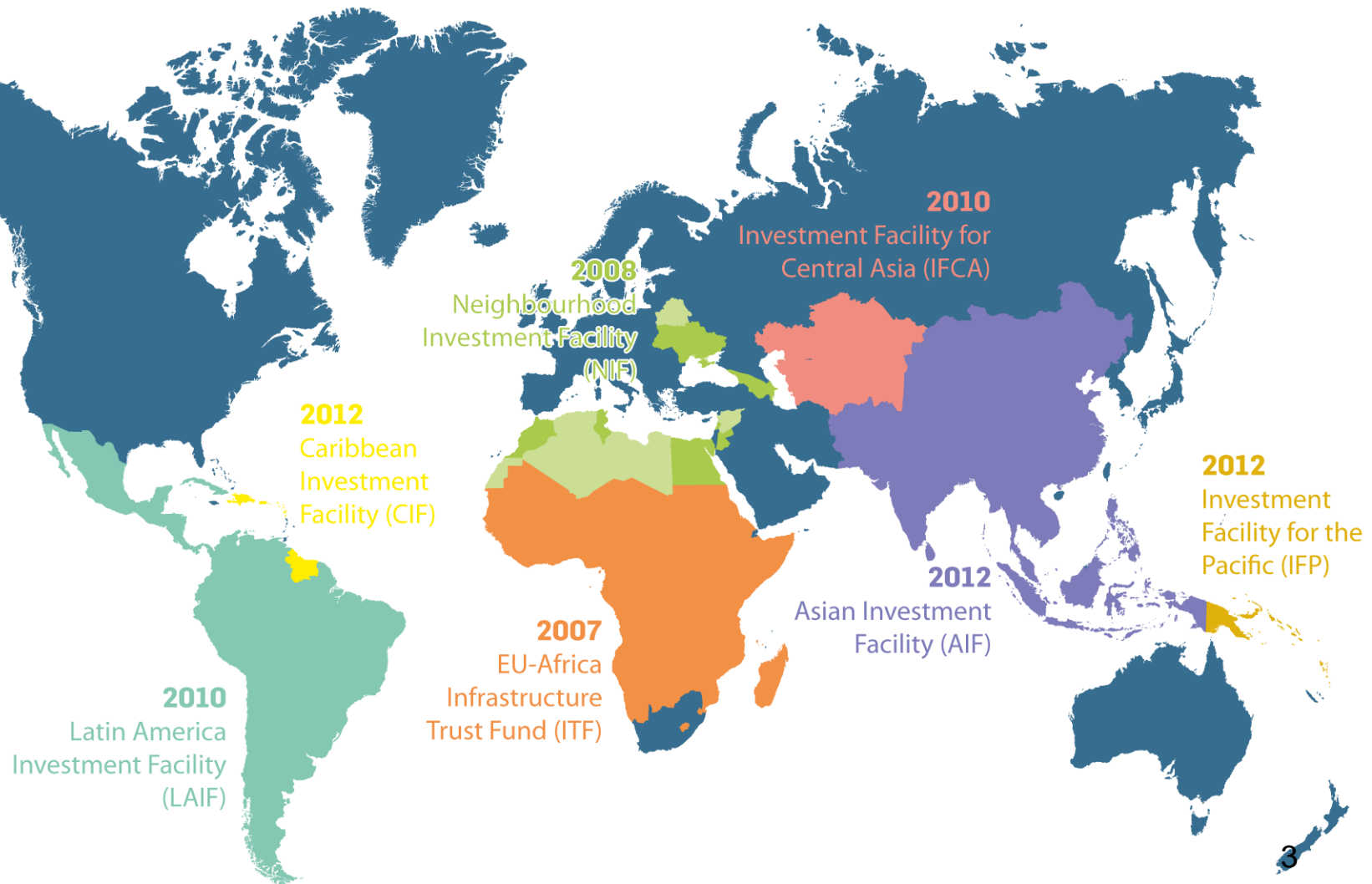
EU REGIONAL BLENDING FACILITIES

THE EC APPROACH

The EU regional
blending facilities

Blending is one of the Commission's instruments to achieve the EU's development objectives (e.g. inclusive growth and poverty reduction).

Combine grants from the EU Budget, EDF and MS contributions with additional non-grant resources, taking into account debt sustainability issues.



BLENDING

Finding the right
financing mix for projects



At the project level, grant and non-grant resources are blended to create the right financing-mix for that specific project.

OBJECTIVES OF BLENDING



FINANCIAL

Leverage additional public and private resources for enhanced development impact.

NON-FINANCIAL

Improve project sustainability & speed. More financial discipline & ownership.

POLICY

Support to reforms in line with EU policies.

OBJECTIVES OF BLENDING

EIB EBRD AFD KfW AECID
IFC CEB SIMEST ADB BIO
SOFID IADB CDB NIB IDB
CAF LUXDEV FINNFUND
OeEB BCIE PIDG AfDB

PROMOTE COOPERATION &
COORDINATION

between European and Non-European
development actors (donors and finance
institutions).

OBJECTIVES OF BLENDING

INCREASED EU VISIBILITY

- Blending uses EU grants to catalyze larger projects where EU would normally not be present or visible
- Finance institution partners are committed to present projects co-financed by the EC as joint EU initiatives



With different ages, focus & volumes

FACILITY	ITF	NIF	LAIF	IFCA	AIF	CIF	IFP	TOT
Year established	2007	2008	2010	2010	2011	2012	2012	
Region	Sub-Saharan Africa	ENPI countries	Latin America	Central Asia	Asia	Caribbean	Pacific	
Cumulative envelopes (2007-2013) - €m	801*	867**	197	85	60	70	10	2090
2014 envelope	n/a	362	30	20	20	n/a	n/a	432

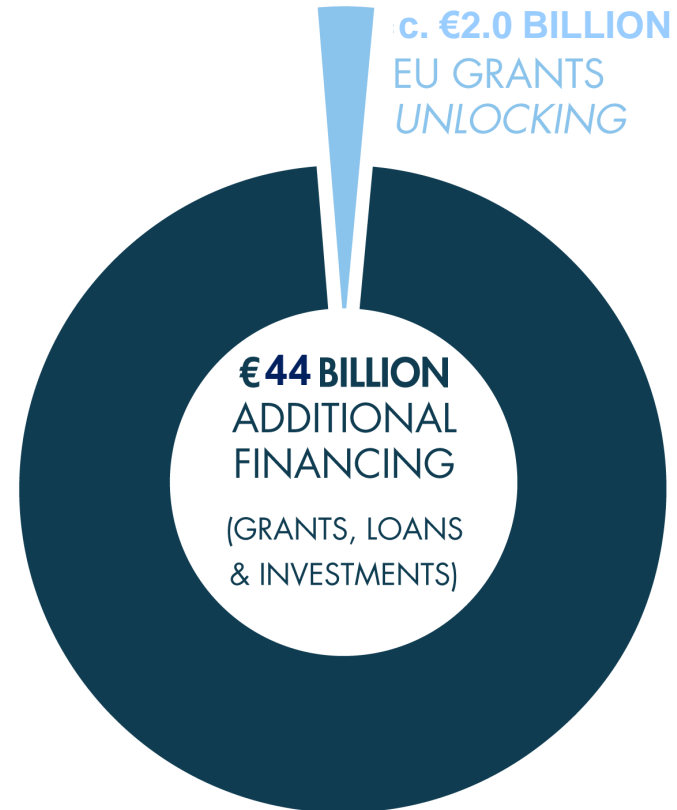
* Including € 163 m from Member States

** Including € 78 m from Member States

Data up to 31/12/2014

LEVERAGED RESOURCES

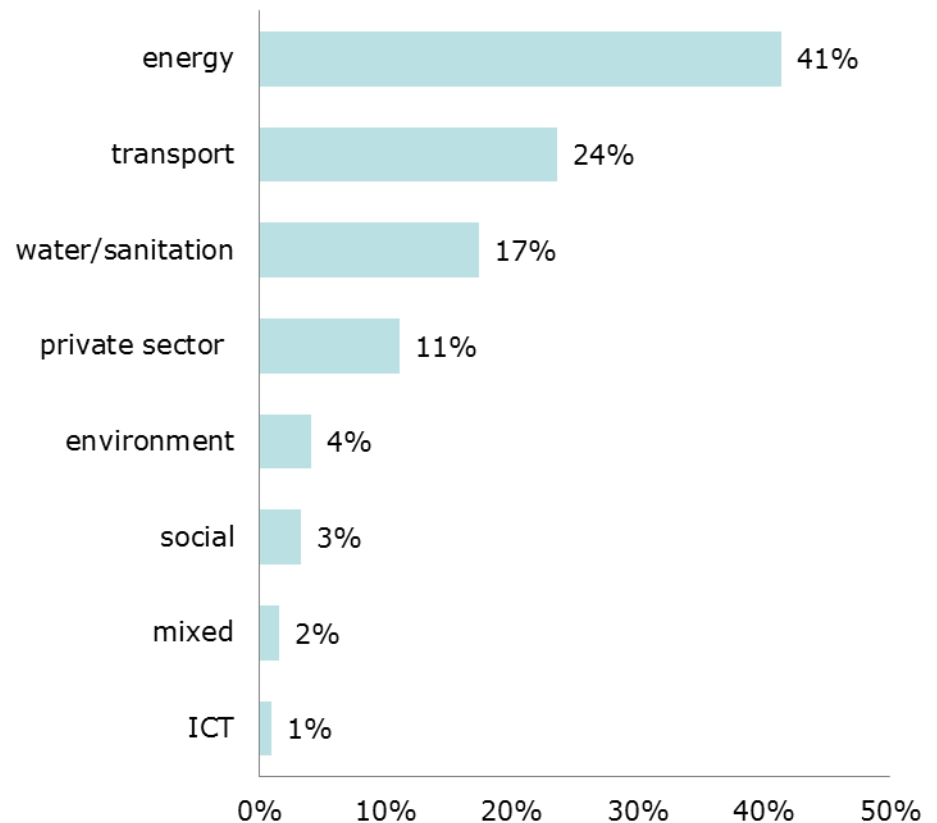
Since 2007 in ITF, NIF,
LAIF, IFCA, AIF
Until end 2014



At least €15 billion are provided by
eligible public finance institutions

BLENDING FACILITIES Sectors covered

Figures since 2007



CLIMATE CHANGE

Cross cutting sector in the
blending facilities

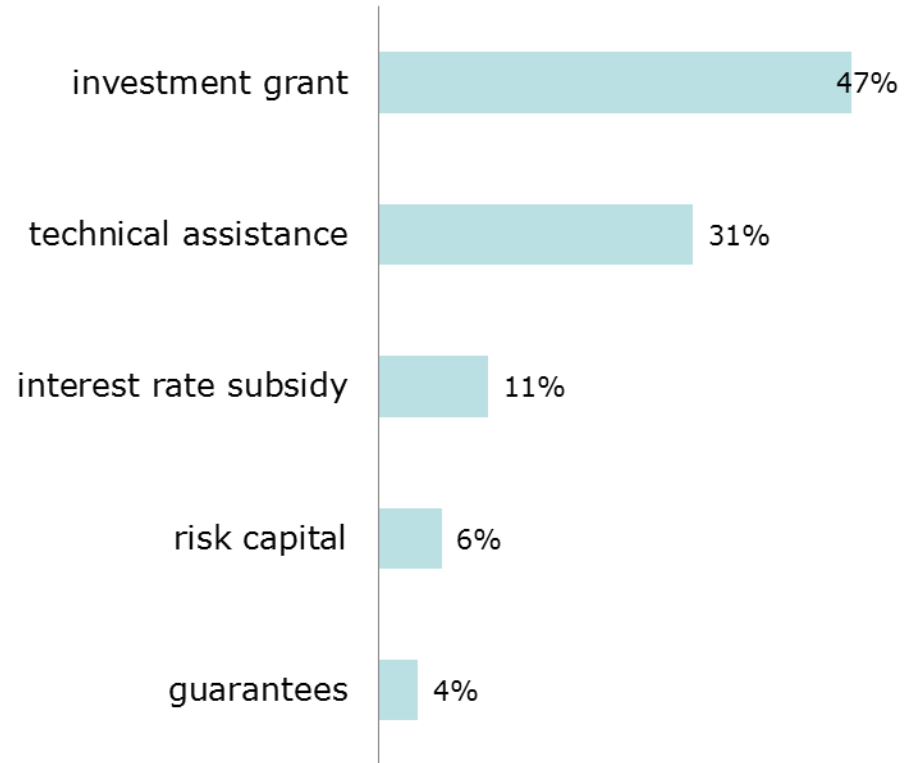
CLIMATE CHANGE WINDOWS were announced in November 2010. They allow transparent tracking of climate change related projects in the EU regional blending facilities. Contributions to climate change are tracked according to Rio markers - an internationally agreed system for tracking aid contributions with climate objectives.

More than €400 million in grants committed under the EU regional blending facilities is counted as supporting climate change action (over 35% of all commitments)

Additional €17 million from the ENRTP to the Neighbourhood and Latin America Investment Facilities.

BLENDING FACILITIES

Types of Grant Support





EDF - DCI - ENI

FUNDS AND STRATEGIC ORIENTATIONS AGREED WITH PARTNERS

Regional programmes

National programmes

Thematic programmes

EU BLENDING FRAMEWORK

Latin
America

Asia

Central
Asia

Pacific

Sub
Sah
Africa

Caribbean

Neigh-
bourhood

**DCI BLENDING
FRAMEWORK**

**EDF BLENDING
FRAMEWORK**

**ENI BLENDING
FRAMEWORK**

FUND FOR MS CONTRIBUTIONS

MS FUNDS

Ouarzazate solar power plant (NIF)

Direct investment grant



Part of the **Moroccan Solar Plan**. If fully developed (2GW target capacity), the largest solar power plant in North Africa.

Project promoter is the Moroccan Agency for Solar Energy (MASEN).

Independent power producer (IPP) to implement the project is determined by MASEN through competitive bidding.

NIF direct investment grant to bring down the cost of electricity during the initial stage of the project.

Total project volume: approx. €807 million

Grant contribution: €30 million

Involved FIs: EIB, AFD, KfW, IFC, WB

UNLOCKING PRIVATE INVESTMENT

With the facilities the
needed tools are in place

Currently the blending facilities mainly support public investment projects. However, they also provide the means to catalyse private investments – particularly by using more innovative financial instruments such as risk capital and guarantees.

- **Risk capital** can help address the lack of equity capital in some countries, particularly for new sectors such as renewable energy (e.g. GEEREF fund)
- **Guarantees** are particularly useful in more liquid markets where the perceived risk of certain activities is high among local investors or banks (e.g. SME Guarantee Facility)

EFSE Fund for SMEs

Risk capital



Pools public and private investments to provide access to finance for SMEs in the Eastern Neighbourhood via the local financial market. Fresh **boost to the local financial market** and improved access to long-term debt financing for SMEs.

NIF and WBIF grant element used as a **first-loss tranche**. Reduces risk for other investors and allows them to invest in the mezzanine (public finance institutions) or senior tranche (commercial investors).

Total project volume: €70 million

Grant contribution: €10 million

Involved EFIs: KfW, OeEB



NEW: Africa Investment Facility (AfIF)

Will encompass **allocations from various AAP's**

- **EDF Regional Indicative Programmes** (*Eastern Africa, Southern Africa and Indian Ocean; West Africa; Central Africa*),
- **EDF National Indicative Programmes**
- **Intra-ACP Indicative Programme**
- **DCI Multi-Annual indicative programmes of the Pan-African Programme**

Foresees :

large range of sectors following the defined priorities and objectives addressing investment needs of the partner countries

Thank you

http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/laif/index_en.htm

http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment_en.htm

<http://www.eu-africa-infrastructure-tf.net/>

More info

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