

1.2 EU External Investment Plan - Opportunities for Africa and the EU Neighbourhood region

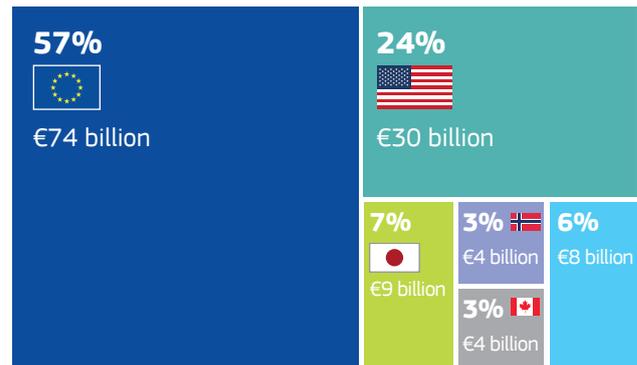
The Paris Agreement aims to address loss and damage associated with adverse effects of climate change and provides an ambitious solidarity package with provisions on finance for climate adaptation. **The EU and its Member States are already the world's biggest contributors of climate finance to developing countries**, providing over €20 billion in 2016. Climate finance from the EU budget will more than double between 2014 and 2020.

The EU's new **External Investment Plan will play an important role in promoting inclusive growth and job creation** in Africa and the EU Neighbourhood countries. Sustainable economic development and resilience in Africa and the EU neighbourhood are also factors in **tackling the root causes of migration**.

The **newly created European Fund for Sustainable Development**, the core of the External Investment Plan will leverage public investment to trigger more private capital flows to sustainable projects. This new external instrument, adapted to the specific needs of partner countries and the challenges of developing economies, builds on the success of the European 'Juncker Plan' model which has already triggered over €250 billion of investment within the EU. Like the Juncker Plan, it will also create opportunities for European industrial and technological leadership.

Another example of support for climate action in the neighbourhood is the **Energy Efficiency Fund for Ukraine**. Very low energy performance of buildings is one of the main reasons for Ukraine's dependence on imports of natural gas, and high costs mean that almost half of the population benefit from government support in paying their energy bills. Improving energy efficiency will make a major contribution to tackling this problem. **The EU will provide €100 million to the Fund**, after Ukraine met a number of conditions required to improve their energy legislation. With other contributions, the total fund will reach a volume of €600 million by 2023. In addition to funding, the EU will support an extensive awareness-raising campaign and provide **technical assistance** to help home-owners associations prepare better investment projects.

The EU is the biggest donor of development and humanitarian aid



Source: OECD, 2017, EU= EU and its Member States

II ➔ What will the European Commission do next?

With an initial **contribution from the EU budget of €4.1 billion**, the European Fund for Sustainable Development is designed to trigger up to **€44 billion of additional investments**. Three of the five investment windows under the new Fund will directly target climate action. First agreements and implementation of first projects are expected by mid-2018.

The Sustainable energy and connectivity investment window will target sectors such as renewable energy, energy efficiency and transport, energy security, sustainable development.

The Sustainable agriculture, rural entrepreneurs and agribusiness investment window will promote inclusive and sustainable growth with financing for smallholders, cooperatives, and mid-sized agribusinesses.

Last but not least, the **Sustainable Cities investment window** will help to catalyse private investments by enhancing cities' capacity and creditworthiness and deploying large scale blended finance instruments to support urban infrastructure. It will target **municipal infrastructure, sustainable urban planning, smart mobility, water, sanitation, waste management, renewable energy and energy efficiency**. Complementing the Sustainable Cities window, the European Commission is setting up the "Global URBIS" cooperation initiative in partnership with the European Investment Bank, the European Bank for Reconstruction and Development and the Global Covenant of Mayors. "Global URBIS" will provide cities around the world with financing and technical assistance to mobilise private investment, including in some riskier sectors. The European Commission will launch in 2018 a first call for projects for Africa and the EU Neighbourhood. The projects will benefit from a **€1,5 billion guarantee facility from the European External Investment Plan**.

