**The European Commission overview**

Jean-Claude Juncker presides over the 28 member "College of Commissioners" - one from each Member State: the political leadership

Neven Mimica is the Commissioner for International Cooperation & Development

The Commission is divided into 33 Directorates-General of which DG DEVCO is one.

Fernando Frutuoso de Melo is Director General of DG DEVCO (International Cooperation & Development)
DG DEVCO is divided into eight directorates

- **Directorate R** – Resources
- **Directorate A** – EU Development Policy
- **Directorate B** – Human Development and Migration
- **Directorate C** – Sustainable Growth and Development
  - Develops policies, provides guidance on quality, implements thematic budget lines...
  - Sectors: rural development, food security, climate change, environment, energy, infrastructure, financial instruments and private sector development, trade and regional integration.

Directorates D, E, G, H are geographically oriented directorates

*The "F" did not disappear but "Neighbourhood" formed a new DG together with "Enlargement": DG NEAR*
Three important and interrelated events in 2015, which is the **European Year for Development**, are setting the **post-2015 Development agenda**:

- **FFD** Conference in Addis Ababa in July;
- **SDGs** Summit in New York in September;
- **COP21** conference in Paris in December.
Global partnership for sustainable development to complete the work left unfinished in the MDGs

Role of Private sector as an essential vehicle to provide sustainable development;

International trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development;

Emphasis on regional integration.
UN Sustainable Development Summit
New York 25-27 September

17 Sustainable Development Goals with 169 associated targets to be achieved by 2030 which are integrated and indivisible.

Coherence with the EU vision for the post 2015 incorporating all the three dimensions of sustainable development: social, economic and environmental

Promote the sustainable and effective use of all the resources including private sector finance

Mutual reinforcing of trade and sustainable development
And these are the 17 SDGs:
COP 21: Paris 30 November – 11th December

Important:

1) to limit global average surface temperature to below 2°C compared to pre-industrial times to avoid most dangerous impact of climate change.

2) A trajectory to reduce emissions by 60% by 2050 from 2010. The aim is full decarbonisation by 2100.

Climate spending already represents at least 20% of EU spending in the period 2014-2020 (MFF)

We cannot anticipate the results of COP21, but the decisions taken in Paris will have a direct impact to our development policy in the years to come.

Sustainable development: social, economic and environmental aspects are closely interlinked. Private sector has a strong role.
### Public Domestic Finance

**Total:** 4.4tn

- **Tax revenue:** 4.3 tn
- **Potential of removing harmful fossil fuel subsidies:** 523bn

### Public External Borrowing

- 85 bn

### Memo items

- **Total Reserves, incl. gold:** 5.4 tn
- **Illicit financial outflows:** 0.9 tn

### Private Finance

*(domestic & international)*

**Total:** 4.8tn

- **Domestic Private Investment:** 3.5tn
- **International Investments:** 824bn
- **Private External Borrowing:** 92bn
- **Remittances:** 370bn
- **Potential from reducing the transfer costs to 5%:** 16bn per year.
- **Private Charity:** 56bn

### Public International Finance

**Total:** 0.2tn

- **ODA Grants:** 144bn
- **Concessional Loans:** 31bn
- **Other official finance:** 30bn
- **UN-sanctioned international security operations:** 7bn

### International Trade*

**Total volume of developing countries’ exports:** 5.8tn

*Trade is not a financing source, but an instrument that facilitates private and public finance mobilisation. The impact of trade on growth and poverty reduction depends on the national context and the measures taken.*
Why private sector development?

Opportunities

- Job creation: the private sector provides 90% of jobs in developing countries
- Investments: Huge financing gap between ODA and real investment needs
- Innovation: Energy, agriculture, infrastructure, digitalisation, mobile solutions
- Growth: 5%-6% of GDP growth on average in developing countries and emerging economies

Addressing challenges

- Business and investment environment
- Access to finance mainly for SMEs
- Skills gap
- Information gap
Kantanka SUVs - Proudly made in Ghana
2014 New Private Sector Policy

- EU strategy for **private sector development** in developing countries (business environment, access to finance, improving enterprise productivity & competitiveness...). Endorsed by EU Member States.

- **Engaging and partnering** with the private sector to achieve development impact

- Focus on sectors such as **energy, agriculture and infrastructure**, as announced in the Agenda for change, including through blending

- **Dialogue** and joint action with business and civil society

- **Principles and criteria** guiding the EU’s engagement with the private sector in development cooperation
2014 New Private Sector Communication - Principles

Focus on employment creation, inclusiveness and poverty reduction
A differentiated approach to the private sector
Create opportunities through market-based solutions
Account for different local contexts and fragile situations

Follow clear criteria in the provision of direct support to private sector actors
Put strong emphasis on results
Observe policy coherence in areas affecting the private sector in partner countries

"Support to speed up development or to overcome market failures and sub-optimal investment situations"
2014 New Private Sector Communication - Criteria

Criteria for supporting private sector – to guarantee development impact and sustainability and to avoid market distortions

Measurable development impact
Additionality
Neutrality
Shared interest and co-financing
Demonstration effect
Adherence to social, environ., and fiscal standards
Key instruments 2014-2020

- European Neighbourhood Instrument (ENI), 15.4 billion €
- Development Cooperation Instrument (DCI), 19.7 billion €
- European Development Fund (EDF), 30.5 billion €

Key instruments:
### Funds reserved to private sector development in EU aid instruments – DG DEVCO indicative core allocations for 2014-2020

<table>
<thead>
<tr>
<th>Level</th>
<th>Programne Description</th>
<th>Countries/Regions</th>
<th>Allocation (M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country level (bilateral) (DCI, EDF)</td>
<td>National Indicative Programmes</td>
<td>22 countries</td>
<td>650</td>
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<tr>
<td>Regional level (DCI, EDF)</td>
<td>Regional Indicative Programmes</td>
<td>Africa, Asia, Caribbean, Latin America, Pacific</td>
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<tr>
<td>ACP level (DCI)</td>
<td>Intra-ACP Programme</td>
<td>Africa, Caribbean, Pacific</td>
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<tr>
<td>Thematic (DCI)</td>
<td>Global Public Goods and Challenges</td>
<td>Addressing innovative global initiatives</td>
<td>50</td>
</tr>
</tbody>
</table>

≈ 1900

+ PSD in neighbourhood countries of around 650 million euros for 2014-2017
Much more opportunities for private sector in programmes for energy, agriculture, infrastructure, other sector interventions and via financial instruments

Examples:

• Malawi: Approx. 100 million euros for improvements in agribusiness productivity and linking farmers to markets

• Changing production and consumption patterns involving the private sector: supporting the development of a green economy (e.g. 400+ million euros ASIA SWITCH to green programme)

• Blending: leveraging financing for investments in various sectors
European dimension: added value

- **Development policy** instruments and funding translate into concrete projects that create opportunities for business

- **Political leverage**: Policy dialogue to improve framework conditions for doing business

- **Financial leverage**: Increased use of financial instruments, such as blending: making transformative and enabling investments possible

- **International agreements** (such as EPAs): Access to markets, and accompanying "Aid for Trade" helps integrate developing countries into global value chains

- **Global presence**: EU Delegations key actors on the ground: projects, policy dialogue, dialogue with business
Opportunities for EU enterprises - In practical terms (2)

- Moreover, EU enterprises have an access to tendering procedures (supply, services, works) in the context of EU external actions
- **Calls for proposal** and **procurement notices** are available on https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=1415372513471&do=publi.welcome&userlanguage=en
- Practical Guide to contract procedures for European Union external actions (**PRAG**) is available on http://ec.europa.eu/europeaid/prag
Thank you!

Antti Karhunen
Sustainable Growth and Development Directorate
European Commission, DG DEVCO – EuropeAid