

DFIs' INCREASING ROLE FOR GLOBAL DEVELOPMENT

Background presentation

November, 2016



The background is a solid teal color. It features several faint, white outlines of interlocking gears. One large gear is partially visible on the right side, and another is at the bottom. The text is positioned on the left side of the image.

INVESTING TO CREATE JOBS, BOOST GROWTH AND FIGHT POVERTY

Aid landscape, DFI contribution to development impact, working with the private sector

The new global development goals

THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Over the next fifteen years, with these new goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.



ADDIS ABABA ACTION AGENDA ON FINANCING FOR DEVELOPMENT

Highlighting private business activity, investment and innovation as major drivers of productivity, inclusive economic growth and job creation.

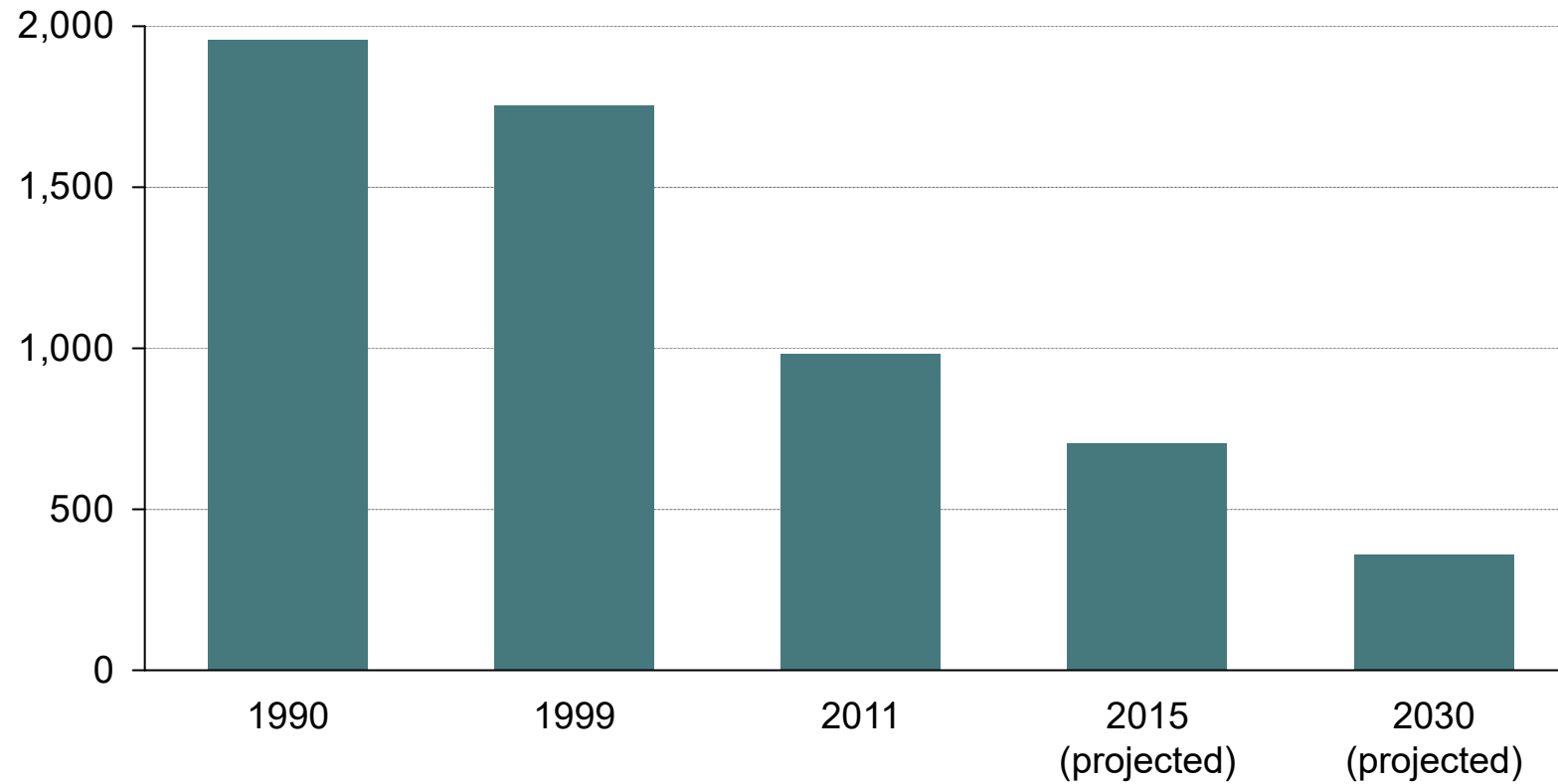


PARIS CLIMATE CHANGE AGREEMENT

Global action plan to put the world on track to avoid dangerous climate change. The agreement will also have significant implications for climate finance



Global poverty rate is declining



People living for less than US\$1.9 a day (2011 PPP), million

Jobs are the major channel through which economic growth uplifts the poor

70%: jobs

Poor people believe that a job is the best way to escape poverty.

The World Bank and Gallup “Voices of the Poor” survey of over 60,000 poor men and women

top issue...

Citizens place unemployment at top among the “most important problems”, followed by health and education.

Afrobarometer survey on investment priorities across 36 African countries

>90% of jobs

Opportunities created in the private sector in low and lower middle income countries.

ILO labour statistics

How we fight poverty

COMPLEMENTARY DEVELOPMENT FINANCE STRATEGIES

AID

Grants and technical cooperation for humanitarian and development assistance

Donor agencies

PUBLIC SECTOR LOANS

Concessional and non-concessional loans to states and state institutions

Development banks

PRIVATE SECTOR INVESTMENT

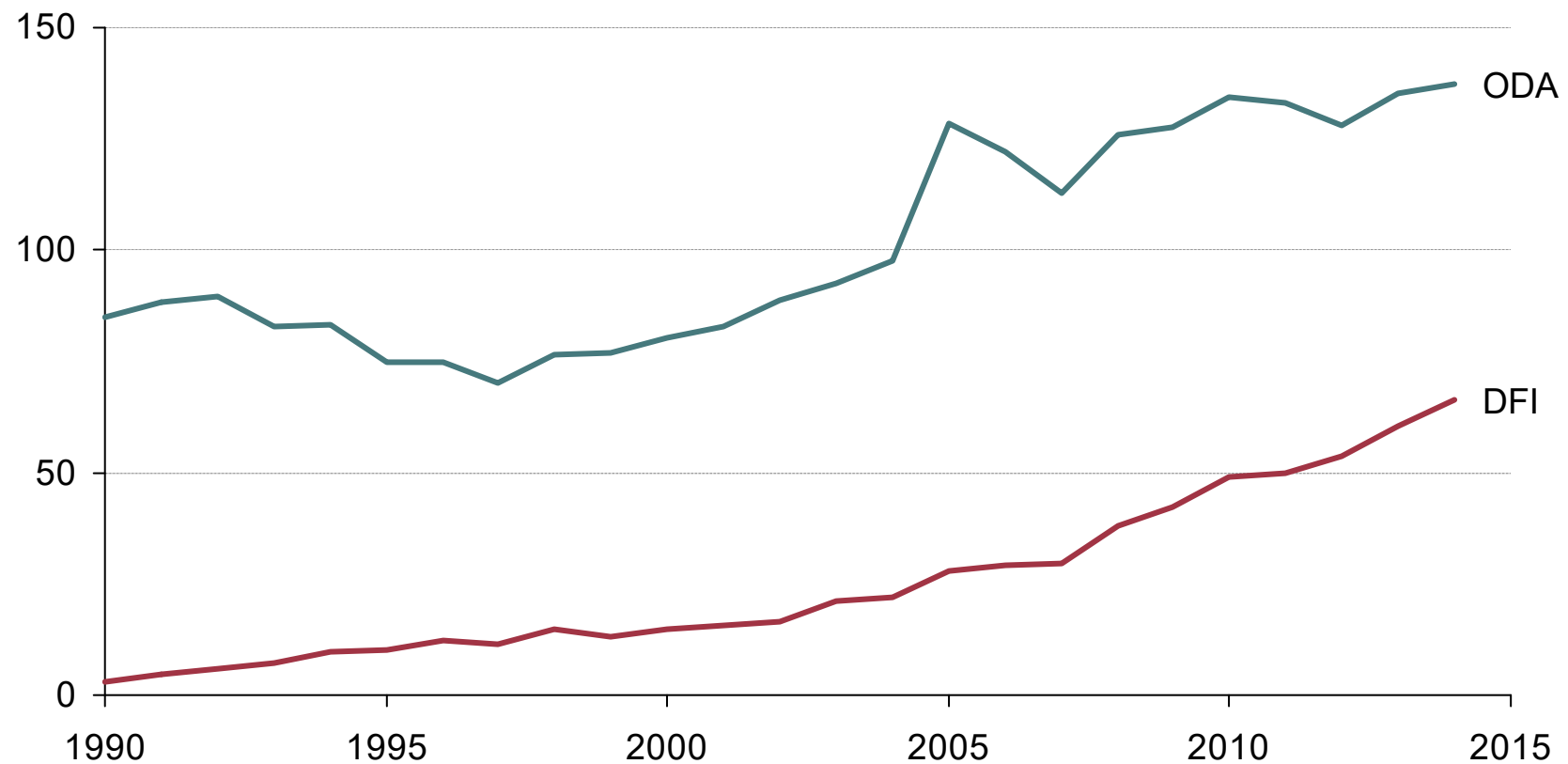
Equity, loans, guarantees to commercially sustainable private sector projects

DFIs

BLENDING: grants and subsidies provided alongside public sector loans and private sector investment

DFIs are a growing source of development finance

Annual activity level 1990-2014, US\$ billion

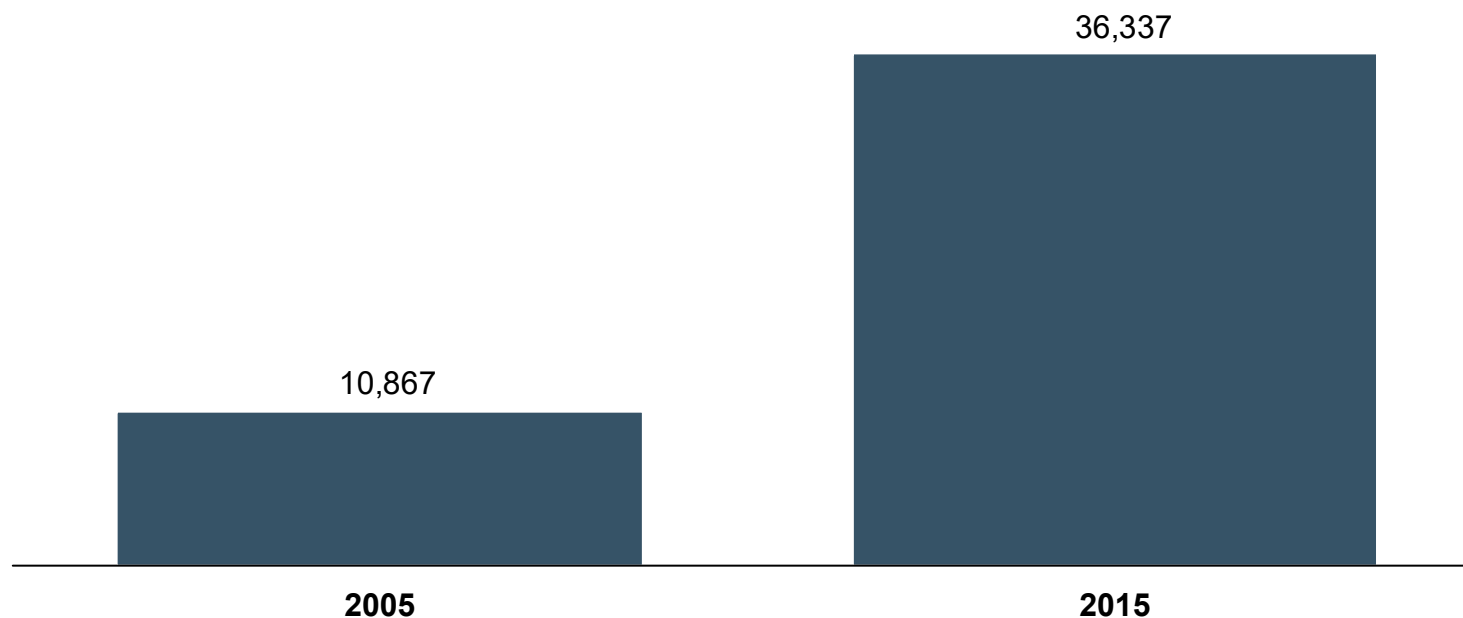


Note: Constant 2014 US\$ billion
Source: OECD/DAC, IFC, DFI annual reports, OECD DAC deflators

European DFI portfolio has tripled over 10 years

New resources raised from retained profits, replenishments, and markets

Investment portfolio, 2005-2015

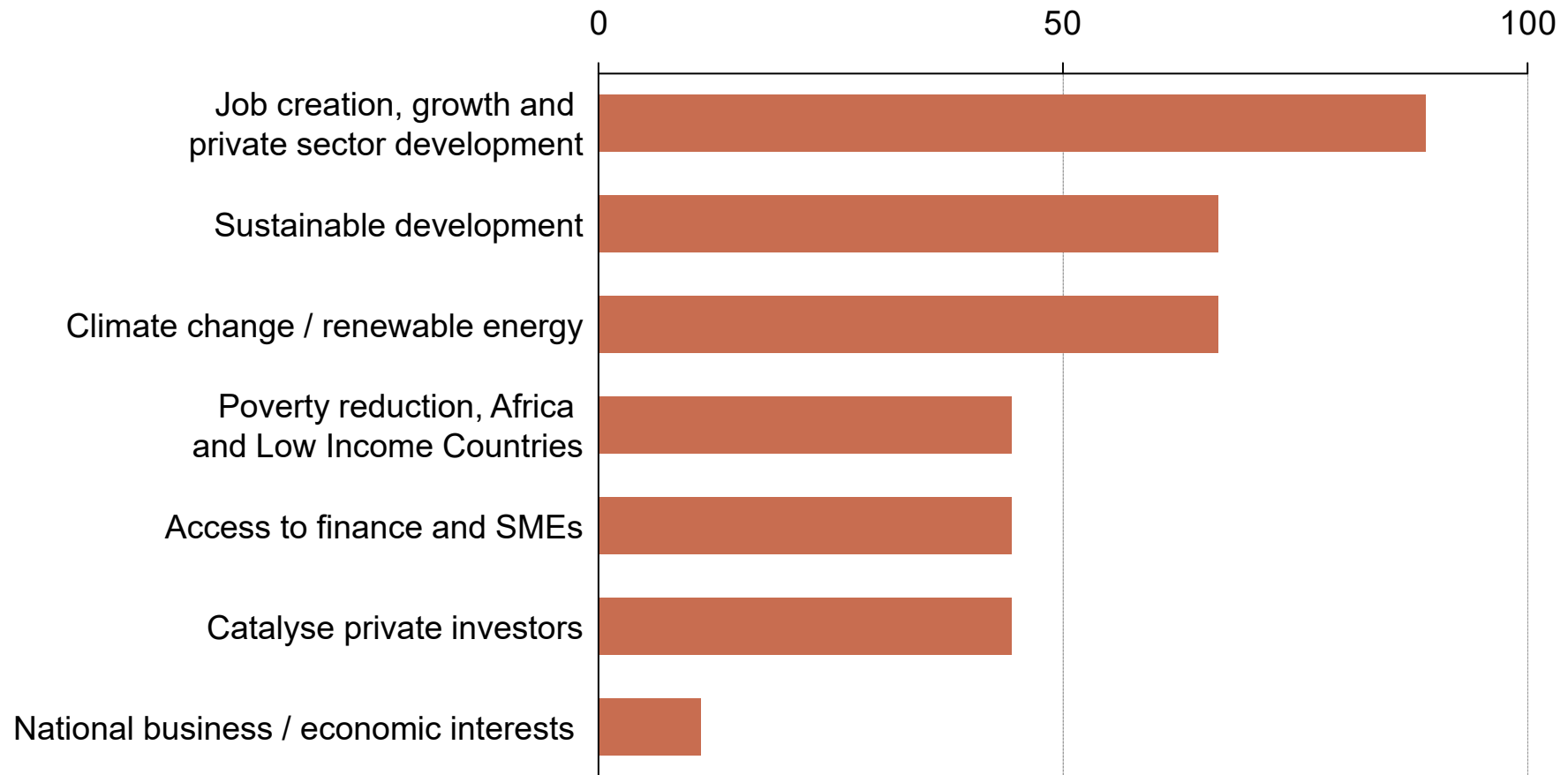


EDFI - Association of European DFIs - founded in 1992.

15 members, 1,800 staff, 42 overseas offices in 20+ developing countries.

Top reasons for capital replenishments to DFIs

Rationale cited by governments in public statements, %-share of total



European DFI contribution to outcomes – highlights



**>4 MILLION JOBS
DIRECT AND
INDIRECT**



**€11 BILLION IN TAX
CONTRIBUTIONS
TO GOVERNMENTS**

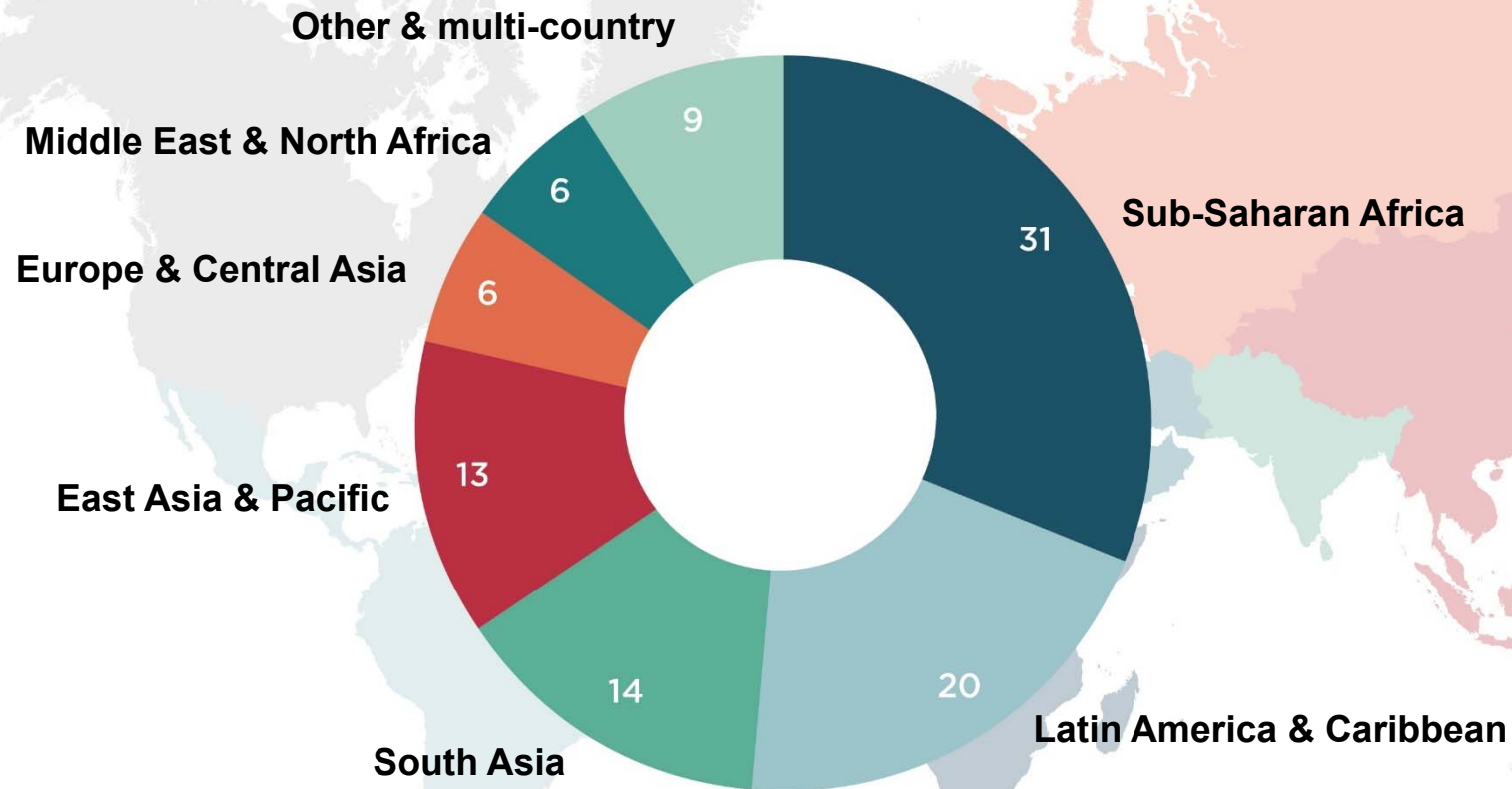


**74,000 GWH
OF ELECTRICITY
GENERATED
DURING YEAR**

Projects supported by EDFI investment commitments, directly or through funds, 2015

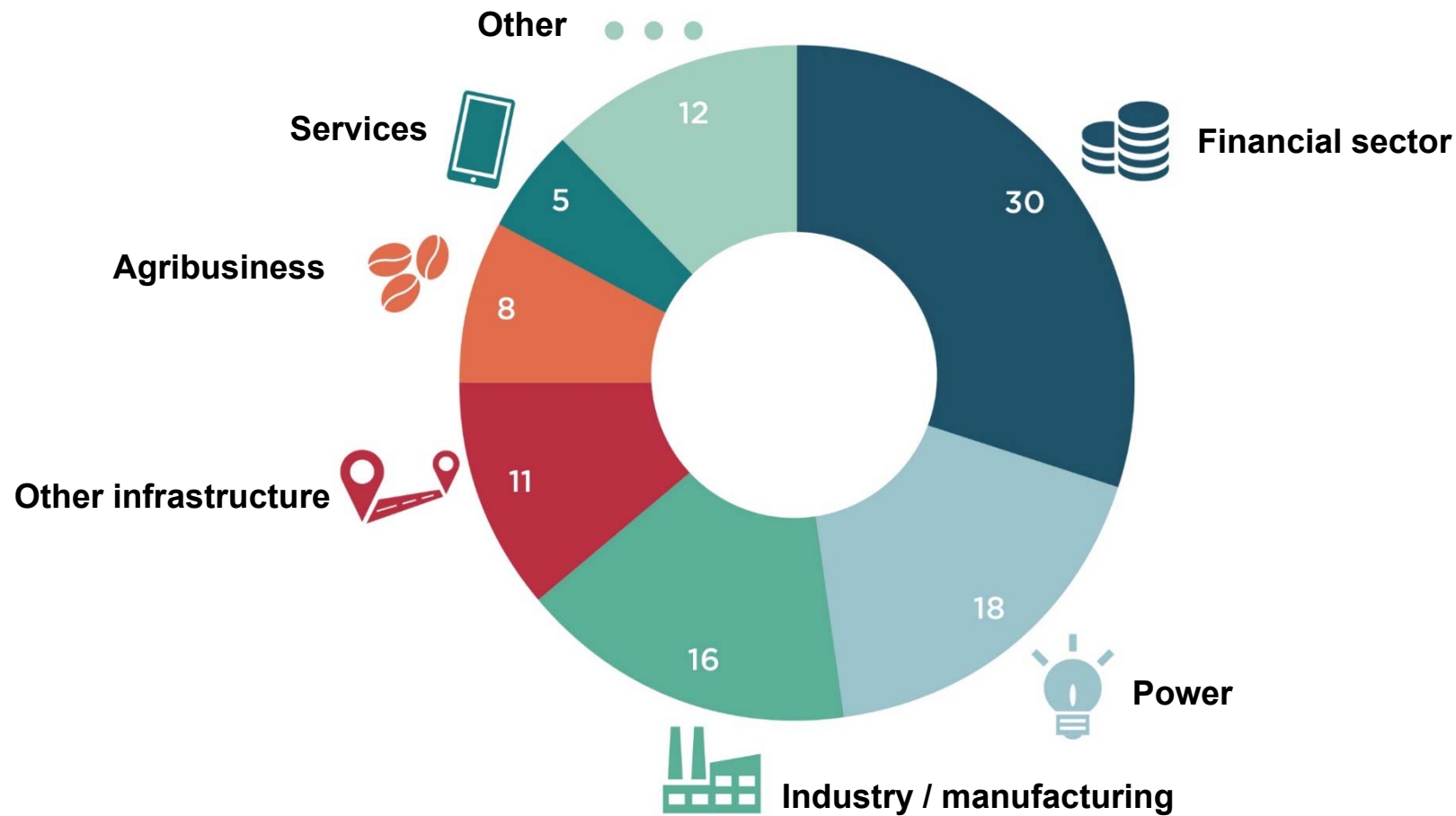
Global presence

EDFI portfolio by region, 2015 (100% = €36.3 billion)



Emphasis on sectors with developmental impact

EDFI portfolio by sector, 2015 (100% = €36.3 billion)



Working with private sector in developing countries

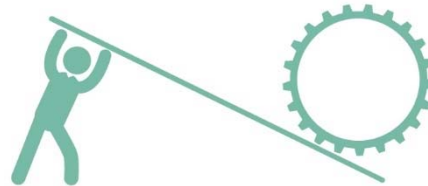
DFI success criteria – examples explored in new EDFI Report



ADDITIONALITY

Investing in underserved geographies, sectors, and segments by taking a long-run approach that permits higher risks

- Financial inclusion
 - Climate finance
- Counter-cyclical in hard times



CATALYTIC EFFECT

Mobilising other investors by sharing risk, being first-movers demonstrating to other investors how to invest in high risk projects, and by sharing expertise

- Private financial participation on DFI balance sheets
- Seeding new private equity funds



PROJECT SUSTAINABILITY

Helping build sustainable sources of jobs and tax income by investing in self-sustainable projects

- Commercial sustainability
- Harmonised principles and standards for human rights and environmental sustainability

EDFI's VISION

It is our vision to improve the lives of people – both of current and of future generations – in the world's poor places through the engine of private sector growth. We believe that entrepreneurship is key to creating sustainable economic growth and jobs. Therefore, we enter markets where few others dare to tread and provide long-term financing at market-oriented rates.

EDFI operations

The 15 European DFIs



EDFI - Association of European DFIs

Founded in 1992

15 member institutions from across Europe

1,800 staff

42 overseas offices in 20+ developing countries

EDFI Secretariat in Brussels

EDFI organisation

General Meeting

Meets at least one time per year (typically in May)

Board of Directors

5 Directors elected among EDFI CEOs at the Annual General Meeting

Chairman elected by and among the Directors

EDFI Secretariat in Brussels

General Committee

Point entrance to EDFI members, one representative per institution

Task Forces and Working Groups

New EDFI subsidiary: the EDFI Management Company

EDFI members' groups

Task Forces (active)

- Strategy & Policy
- ODA counting
- Taxation

Working groups

- Lawyers
- Development Effectiveness
- Communication
- Environmental and social
- Human Resources
- Technical Assistance

EFP and ICCF

European Financing Partners

Focus on financing projects
in ACP countries



Interact Climate Change Facility

Focus on climate change and
climate efficiency projects

