

Study on Engaging the Private Sector in Development and extending the Blending Activities of the EU

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The European Union is strongly committed to fulfilling the Aid Effectiveness goals agreed in the Paris Declaration (2005) and the Accra Agenda for Action (2008) as well as the European Code of Conduct on Division of Labour in Development Policy (2007). The European Commission, with the participation of a number of EU member states and European development financiers, launched a number of new financing instruments in 2007 for operations outside of the EU aimed at translating these commitments into real action. The instruments are called loan and grant blending facilities (LGBFs), these instruments link EU budget grants, sometimes topped up with member state grants, with loans by European international and bilateral financial institutions.

The overall objective of this project is to explore concrete possibilities and options for sustainably scaling up existing blending mechanisms and for enhancing private sector engagement for development as well as developing new approaches to development financing.

The detailed tasks of the Study include:

- Provide recommendations for possible improvements of EU (EC and MS) existing regional investment facilities and other blending initiatives;
- Map and analyse the EU (EC and Member States) and non-EU initiatives for promoting development partnerships with the private sector and public-private partnerships and provide recommendations for future initiatives;
- Analyse how different types of funders (grant funders, public and private investors) in the EU can be more complementary to each other in catalysing private and public investment that promote paths of inclusive and sustainable development, while ensuring sovereign debt sustainability and additionality;
- Carry out a review of existing best practices in terms of infrastructure financing and PPP's;
- Analyse the possible expansion risk sharing instruments;
- Prepare guidelines and training modules on how the EU could better engage private sector actors in development, as well as on the existing and possibly expanded blending activities as well as the implementation of new mechanisms.

