



European Fund for Sustainable Development +

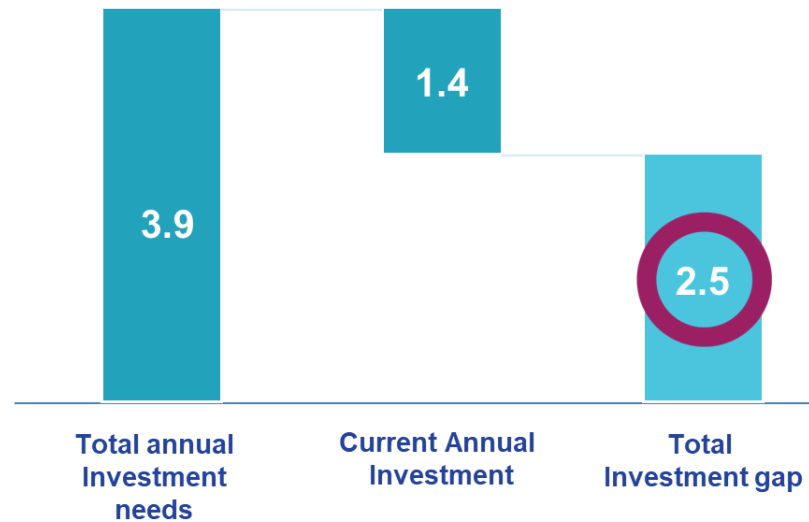
**FINANCING THE GREEN
AND NET-ZERO TRANSITION
IN THE EU EASTERN PARTNERSHIP COUNTRIES AND CENTRAL
ASIA**

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Finance in DG NEAR Unit A5 Blending and EFSD+
Guarantees

Why use blending and EU Guarantees?

Estimated global investment gap in key SDG sectors, 2015-30
Trillions of USD, annual average

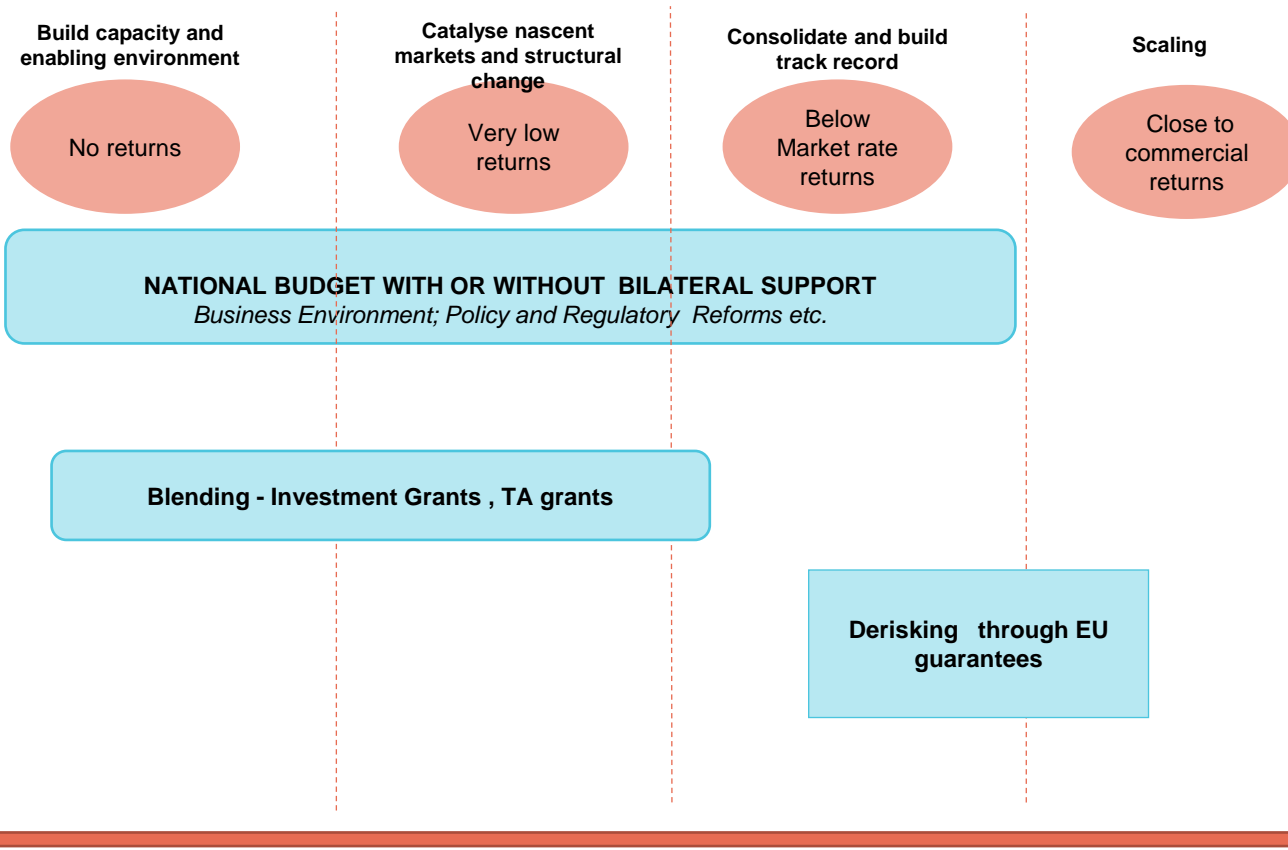


This cannot be covered by Official Development Aid (ODA) alone

EFSD+ offers Blending and EU budgetary guarantees

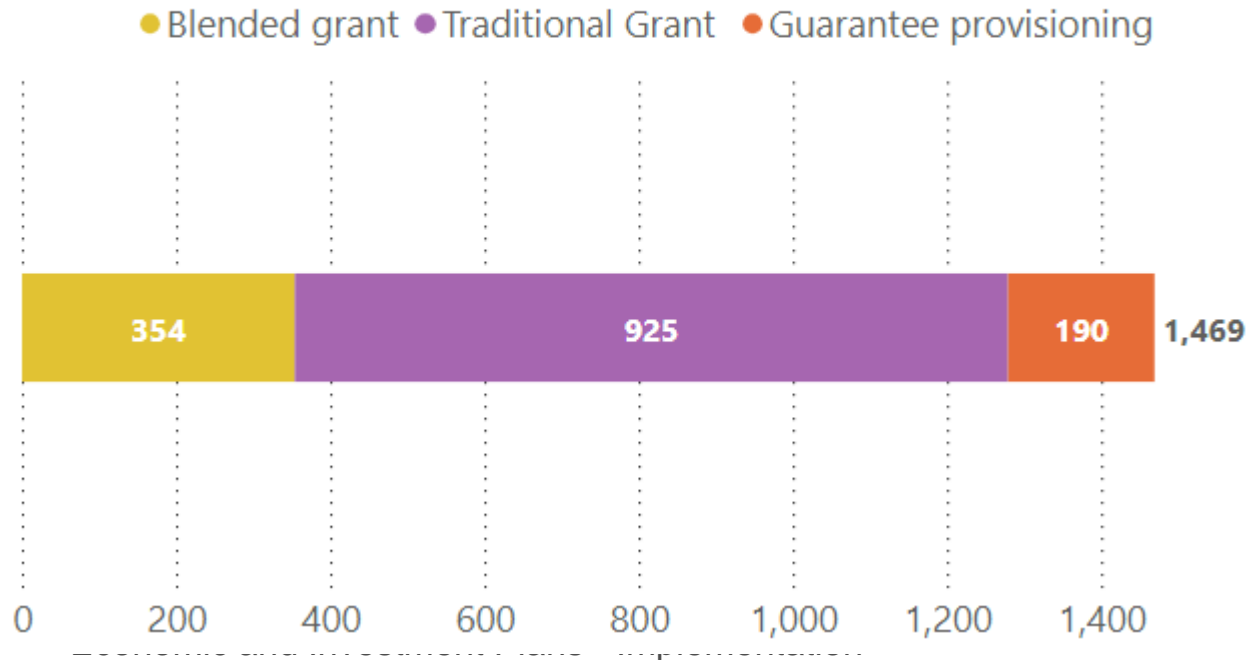
- Blending – limited amount of public grants to mobilize additional finance to projects with high additionality
- EFSD + Guarantee - unfunded Guarantee backed by the EU budget (AAA) - ~ EUR 40 billion (global scope)
- Unconditional, irrevocable guarantee on first demand
- Comprehensive set of risk coverage
- Only partially provisioned (leverage)
- Provided at concessional level based on impact criteria

Where to use which instrument?

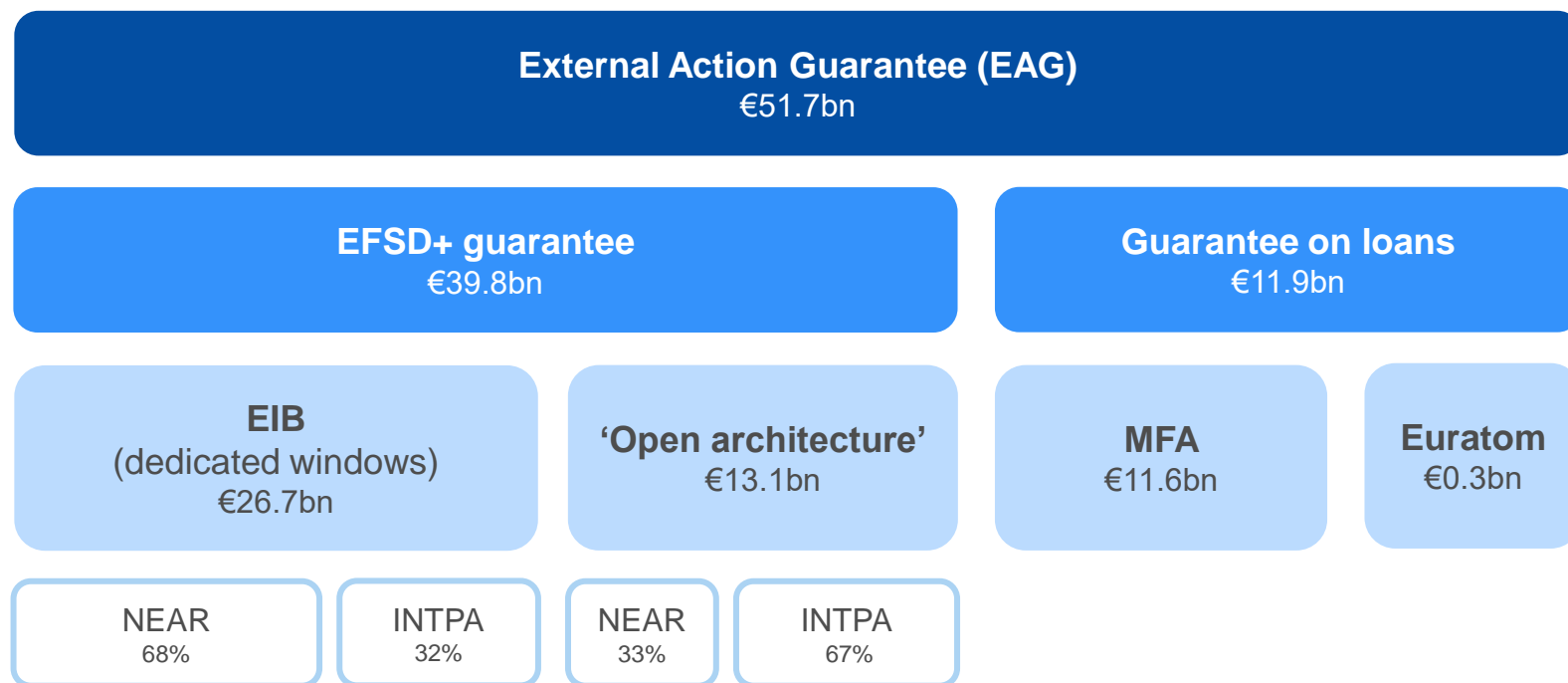


State of Implementation by 2023 – EaP countries

Composition of committed EU funding

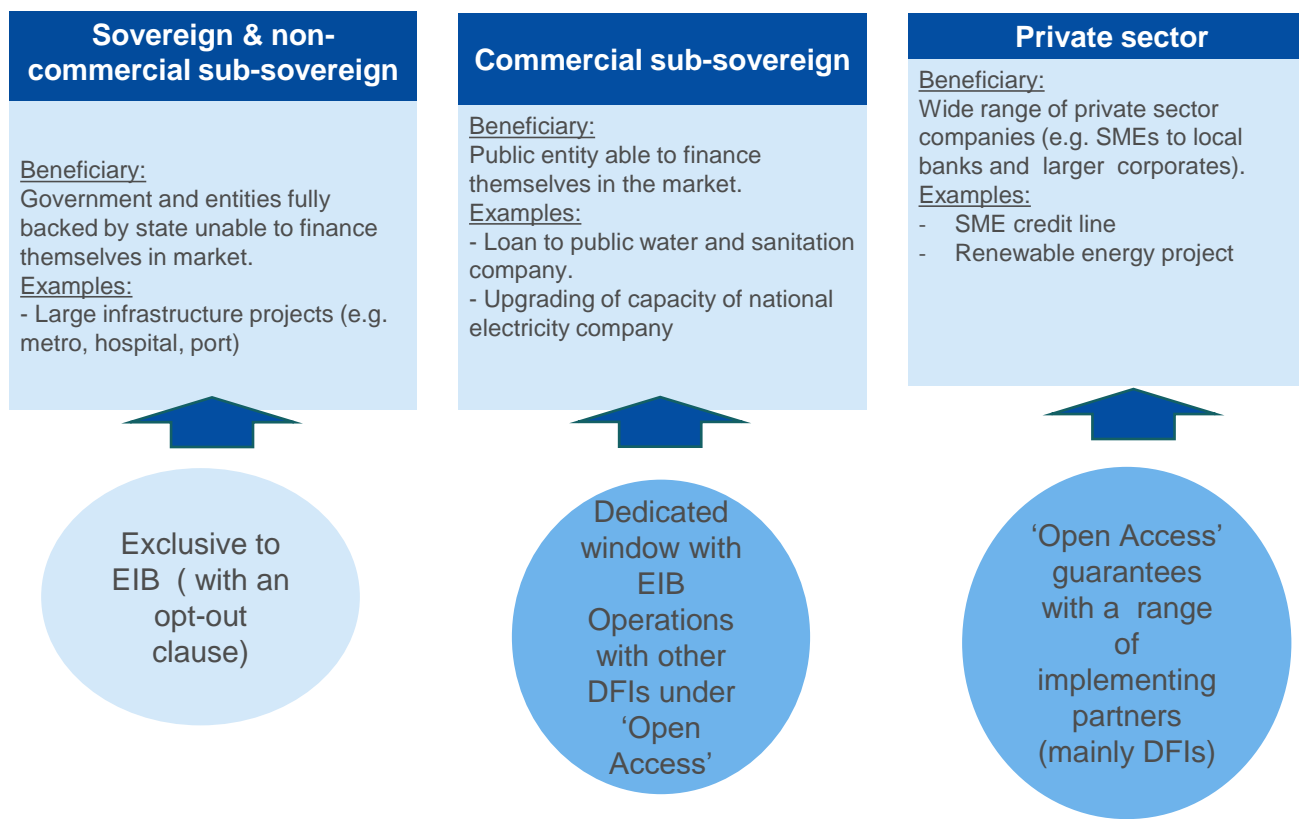


The EFSD+ guarantee: amounts 2021-2027



Provisioning: EUR 10bn (cap established in the NDICI regulation).

The EFSD+ guarantee: windows



How are the guarantees to derisk investments provided



EU budgetary Guarantee

International Financial Institutions



Guarantee
Loan
Equity

Local bank

Private sector company

National authority

Public sector company



How are the Guarantees to derisk investments approved



New Guarantee allocations under 'Open access'

60 guarantees INTPA+ NEAR for a total of €8.4 billion in priority sectors

out of which:

- 27 EFSD+ guarantees in

Neighbourhood and Enlargement countries

including 16 programmes to be implemented mainly in DG NEAR regions

EFSD + experiences relevant for the new Ukraine facility - combination of blended grants and EU guarantees as part of pillar 2

Proposed guarantee capacity: EUR 8.9 billion



Amounting to :

Up to €2.4 billion Guarantee Coverage

expected to generate investments in the order of €17 billion in priority sectors in NEAR regions

(Up to € 632,750,000 million guarantee coverage in EaP)

Examples of green investments that can be supported through an EFSD+ Guarantee

Green transition investments in cities, financing and accelerating the sustainable transition of cities - clean energy, water, mobility, access to finance

Access to finance for SMEs - green and inclusive business models, supply chain solutions

Projects financing RE technologies that remain still below a critical mass level in most EU partner countries:

- Larger RE investments to meet countries' RE targets /enhance energy security and diversification
- RE for self-consumption e.g. for greening industrial sites
- Investments in CRM
- Grids and network investments etc.

Projects financing the “next generation” of climate technologies which involve high technology risks and present a substantial “green premium”

- Green fuels
- Utility-size energy storage
- Low carbon materials (e.g. green cement)
- Certain e-mobility technologies and business models (e.g. battery recycling) etc.

Capital market instruments – EU Green Bond Initiative

Enabling investments in human capital

Enabling investments in digital transformation

Guarantees for investments in energy efficiency and green technology transfer in industrial processes, commercial operations and buildings, greening logistics value chains

Investments in biodiversity and nature etc.