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BRIEFING NOTE No. 101

What is the European External Investment Plan really about?

FINANCE

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Summary

Leveraging more impactful private investments will be key to address current development challenges and for promoting sustainable development in line with the UN 2030 Agenda. Raising to the challenge of addressing the root causes of migration, creating decent jobs and fostering sustainable and inclusive growth, the European Union (EU) launched at the end of 2017 the European External Investment Plan (EIP). Building on the EU's over-a-decade long experience with blended finance (notably in their regional blending facilities), it intends to use aid in a 'smarter' and more strategic way to spur sustainable private investments by providing a new guarantee mechanism, tailored technical assistance and dedicated action to promote the investment climate. Perhaps even more importantly, the EU aims to do so by taking a comprehensive and integrated approach, combining financial and non-financial support to address current shortcomings and increase overall effectiveness and coherence of the EU support.

The EIP intends to respond to the need to be more ambitious in terms of mitigating risk and fostering greater development impact through blended finance, in particular in least developed and more fragile countries. It will seek to do so by harnessing the potential of (mainly European, but not only) development finance entities, giving them additional tools (blended finance, guarantees, technical assistance) to do more and better, while enhancing the enabling environment. Five priority areas are covered under dedicated investment windows: renewable energy, Micro, Small and Medium Enterprises financing, sustainable agriculture, sustainable cities and digitalisation for sustainable development.

The EIP is a most opportune and timely initiative. Yet, to be really successful, the EIP will need to have a systemic impacton the way the European institutions and their partners effectively manage to work together in a more coherent and complementary manner.

1. Introduction

Much more quality private investment is essential for sustainable development. Global commitments, such as the United Nations (UN) 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda (AAAA) on Financing for Development, place great emphasis on the role of the private sector and the need to leverage significant private investments that can trigger inclusive growth, while contributing equally to economic, environmental and social prosperity. The role of development banks and finance institutions is critical in this regard, including in view of moving 'from billions to trillions' in developmental resource flows (World Bank and IMF, 2015). As a result, private sector operations and windows (PSWs) of multilateral development banks (MDBs) and development finance institutions (DFIs) are increasingly in the spotlight and expected to "evolve and adapt to meet the formidable challenges ahead" (Lee, 2017).

In times of scarce public resources dedicated to development cooperation, this means having recourse to blended finance, **using more effectively public means to leverage more and better quality private finance for sustainable development (see Box 1)**. It also implies paying greater attention to **improving the enabling environment**, fostering a more conducive business climate and stronger governance setting. **This is what the European External Investment Plan (EIP) is ultimately about**.

Box 1: Blended finance: concepts and principles

Blended finance, or blending, as one of the recent 'buzzwords' in development cooperation and financing, refers to using development finance (i.e. public and philanthropic funding) to attract and leverage additional commercial finance (i.e. non-concessional loans and other private resources) towards sustainable development (OECD, 2018a, 2018b). IFC (2016) defines blended finance as "a combination of public and private finance, which may or may not involve a form of subsidy", which, if done well, can be a "highly effective catalyst to jump-start high-risk, nascent markets in developing countries". Similar to the IFC blended finance principles (IFC, 2017), the OECD has recently developed their own principles (Table 1) to guide policies and practices regarding blending operations that are "still very uneven among donor governments" with only a few Development Assistance Committee (DAC) members having dedicated strategies or guidance in place (OECD, 2017). If, however, better managed and monitored, they can play an even more conducive role, while addressing the "mismatch between the supply of finance seeking market rates of risk-adjusted return and the risk and return characteristics of infrastructure and other investments with important development impact" (Lee, 2017).

Table 1: IFC & OECD Blended Finance Principles to mobilise commercial finance

IFC 'Principles'	**OECD 'Blended Finance Principles'**
1. Additionality and Rationale for Blended Concessional Finance 2. Crowding-in and Minimum Concessionality 3. Commercial Sustainability 4. Reinforcing Markets 5. Promoting High Standards	1. Anchor Blended Finance use to a Development Rationale 2. Design Blended Finance to increase the mobilisation of Commercial Finance 3. Tailor Blended Finance to Local Context 4. Focus on Effective Partnering for Blended Finance 5. Monitor Blended Finance for Transparency & Results

There is an urgent need for such principles that can enhance coherence, transparency, accountability and implementation for better, more sustainable development outcomes (Moreira da Silva, 2017), given how blending activities have developed: since 2007 more than 189 blended finance funds have been launched with $31 billion of commitments in donor blending facilities, while official development assistance (ODA) mobilised $81.1 billion (2012-2015) from the private sector (OECD, 2017). It needs to be stressed however, that often such principles represent an entry point for questions of accountability, guidance and strategic thinking rather than a real incentive for change. In that regard, they can be most useful in guiding operations and discussions as well as impact on current practice, if translated and substantiated on different levels.

2. The EIP in a nutshell

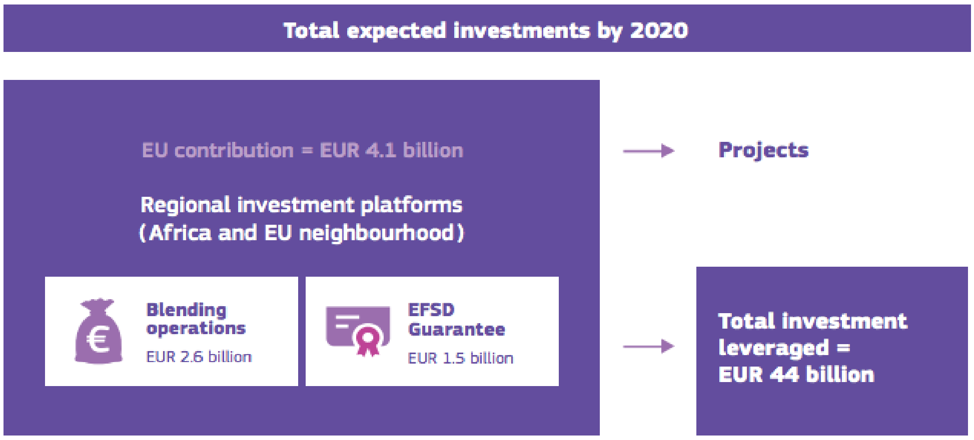
Blended finance has been part of the European Union (EU) development toolbox for the last decade, and now accounts for about 10% of the EU official development assistance (ODA). Since 2007, such 'smart' use of official aid (grants and concessional loans) has been implemented by the European Union (EU) in form of their regional blending facilities, such as the EU-Africa Infrastructure Trust Fund (ITF) and its successor the Africa Investment Facility (AfIF) (Bilal and Grosse-Puppendahl, 2016a). Normally, the EU uses a grant element to attract additional resources by mitigating associated risk levels. Such a grant element takes different forms depending on project and needs, including: i) investment grants and/or interest rate subsidies (IRS) to reduce the initial investment and overall project cost for the partner country; ii) technical assistance to ensure the quality, efficiency and sustainability of the project; iii) risk capital (i.e. equity and quasi-equity) to attract additional funding; and iv) guarantees to unlock resources by reducing risk.

To raise to the challenge of doing more and better, and in an effort to pursue a more coherent and coordinated approach, the EU has set up **the new European Investment Plan** to stimulate sustainable investment in Africa and European Neighbourhood countries. It is politically framed as part of the EU response to the perceived migration crisis and needs to address the root causes of migration by promoting investment and job creation in a way conducive to achieving the sustainable development goals (SDGs). In particular, the EIP aims at stimulating blended finance operations in poorer and more fragile countries, providing a new guarantee mechanism to mitigate the risks of undertaking impactful investment in more fragile contexts (as illustrated in Figure 1).

This is done through a new European Fund for Sustainable Development (EFSD), the first pillar of the EIP. In a second pillar, greater attention is given to link technical assistance to project identification, preparation and implementation on the one hand, and to support reforms towards a more conducive investment climate, the third pillar of the EIP building on policy dialogues (see Figure 2).

The EIP is an integral part of the EU strategic policy developments, including the 2017 European Consensus on Development, the 2016 EU Global Strategy for the EU Foreign and Security Policy, the 2014 EU Communication on The Stronger Role of the Private Sector, including development principles and criteria (Byiers, 2014), and the 2017 Joint EU Communication For a renewed impetus of the Africa-EU Partnership. In September 2017, the European External Investment Plan (EIP) was officially agreed as a 'new generation instrument for sustainable development' after a full year of preparation and legislative processes (Box 2).

Figure 1: The EIP's objectives, funding and expected investments



Source: EC. 2017a. [Your guide to the External Investment Plan](#).

The EIP's three pillars, including the European Fund for Sustainable Development (EFSD) combine financial and non-financial support, as outlined in Figure 2.

Figure 2: The EIP's three-pillar approach

Source: European Commission DG DEVCO presentation, 2017b.

Box 2: Key EIP milestones

The EIP was first mentioned in the press release from 7 June 2016, in which the European Commission announces for autumn 2016 to "make a proposal for a new Fund as part of an ambitious EIP in order to mobilise investments in developing third countries, building on the experience of the successful Investment Plan for Europe" (Juncker Plan).

- **June 2016** - Communication from the European Commission on establishing a new Partnership Framework with third countries under the European Agenda on Migration
- **September 2016**
  - European Commission proposes a new European EIP in State of the Union 2016 speech
  - Communication from the European Commission on a new European EIP
  - Proposal for a Regulation Of The EP And Of The Council on the EFSD and establishing the EFSD Guarantee (Fund)
- **December 2016** - Council agrees negotiating position on EFSD

- **28 February 2017** - Start of discussion by the European Parliament (EP) jointly among Committee on Foreign Affairs, Committee on Development and Committee on Budgets
- **April 2017**
  - Report by the European Parliament on the proposal for a regulation on the EFSD and
  - Start of the interinstitutional negotiations between the EP, Council and European Commission (trialogue)
- **June 2017** - Council confirms final deal with the EP on EFSD
- **July 2017** - EP legislative resolution of 6 July 2017 on the proposal for a regulation of the EP and of the Council on the EFSD and establishing the EFSD Guarantee (Fund)
- **September 2017**
  - Regulation establishing the EFSD, the EFSD Guarantee (Fund)
  - Council greenlights the setup of the EFSD
- **November 2017** - EC gives green light for the first five investment windows
- **January 2018** - Investing in Africa: the EU and BMGF commit a further €100 million
  - €40.9 million in financing & €10.2 million in technical assistance for investments in the health sector in Africa, EC matching this contribution with another €50 million

Source: EU External Investment Plan official website and EP website.

The EFSD will combine existing blending Investment Facilities for Africa and the Neighbourhood (€2.6 billion) with a new Guarantee mechanism of €1.5 billion, in an effort to leverage up to €44 billion sustainable investment. The EFSD will be implemented along five dedicated investment windows, based on key cross-cutting objectives, such as local currency financing, focus on fragile states, and not-distorting market competition:

a. Sustainable Energy and Connectivity;
b. Micro, Small and Medium Enterprises (MSMEs) Financing;
c. Sustainable Agriculture, Rural Entrepreneurs and Agroindustry;
d. Sustainable Cities; and
e. Digital for Development.

Initial proposals for projects have been submitted under the EFSD by development finance entities by the end of March 2018. For the first windows (energy and MSMEs) 12 financial entities entrusted with the managing EU Funds submitted 30 proposed investment programmes (PIPs) for the EFSD guarantee. Their combined value amounted to €2.5 billion exceeding the €1.5 billion guarantee fund. Technical assistance, reaching near €5 billion, could be partly dedicated to accompany the implementation of the first pillar of the EIP, strengthen local capacity and improve the investment climate.

2.1. Innovation under constraints

The External Investment Plan came as a prompt response to both the positioning and adaptation of EU on the new financing for development (FFD) agenda, as enshrined in the 2030 Agenda, and as a response to the perceived migration crisis. It is the result of an effort by the EU to rapidly innovate in response to political and developmental pushes. But this had to be done under financial and institutional constraints, notably under the current EU 2014-2020 Multiannual Financial Framework (MFF), and the 2000-2020 Cotonou Partnership Agreement (CPA) between the EU and the Africa, Caribbean and Pacific (ACP) Group of countries.

The EFSD has thus been designed to fit under the current EU FFD framework and rules, including the European Development Fund (EDF) and the European Neighbourhood Instrument (ENI) - thus limiting its flexibility and scope for innovation. As a consequence, the EFSD is structured around two regional investment platforms, one covering Africa and the other the Neighbourhood, integrating the current Africa Investment Facility (AfIF) and the Neighbourhood Investment Facility (NIF) respectively, for a total of €2.6 billion. As stated in the EFSD Regulation (Art. 4), "the EFSD shall be composed of regional investment platforms established on the basis of the working methods, procedures and structures of the existing external blending facilities of the Union, which shall combine their blending operations and EFSD Guarantee operations."

This is worth stressing, given the ongoing discussions and informal negotiations on the new MFF beyond 2020 and the future of the CPA expiring in the same year, which will greatly determine how the EU will position itself from 2020 onwards. Given the ambition for the EIP to continue or even be scaled up after 2020, it needs to show results and impact on EU FFD immediately. At the same time, it also serves as an opportunity to demonstrate ways ahead and future possibilities for the EIP of doing FFD differently under the current structure (CPA and current MFF/EDF framework) to influence the ongoing aforementioned negotiations.

It is also important to stress how the EFSD guarantee differs from already existing guarantee mechanisms provided for by the EU. The new Guarantee mechanism under the EFSD is a new Fund, open to all development entities that will have successfully applied to it under the EFSD. On the contrary, the current EU guarantee only covers the European Investment Bank (EIB). For the EIB operations outside Europe, the EU guarantee covers only sovereign and political risks, which the EIB is not able to take on its own balance sheet except for investment-grade operations. This is covered under the external lending mandate (ELM) of the EIB, and for the EIB operations in ACP countries, there is an EU Member States guarantee for comprehensive/political risk in place, foreseen under the CPA (Bilal and Grosse-Puppendahl, 2016a). Commercial risk is not covered at all, except for very modest coverage under specific guarantee schemes of the ACP Investment Facility's 'Impact Financing Envelope' (IFE) and the EIB's Economic Resilience Initiative (ERI) in neighbourhood countries.

3. Key EIP innovations

The EIP is not only an ambitious, **but more importantly an integrated and coherent approach to increase coordination and effectiveness** of promoting sustainable private investments that can contribute to development cooperation efforts and objectives, including related to socio-economic sectors and decent job creation. While all its specific components are not necessarily innovative on their own, as they have been part of the EU Commission and Member States' activities for a long time, there are three important elements that combined in one approach deserve particular attention:

1. The integrated three-pillar structure to promote improved conditions and leverage of investments and private finance;
2. Single entry point for financing and project requests - a 'one-stop-shop'; and
3. Risk mitigating for investments in difficult environments (post-conflict/LDCs) - the new EFSD Guarantee.

1. The integrated three-pillar structure to promote improved conditions and leverage of investments and private finance.

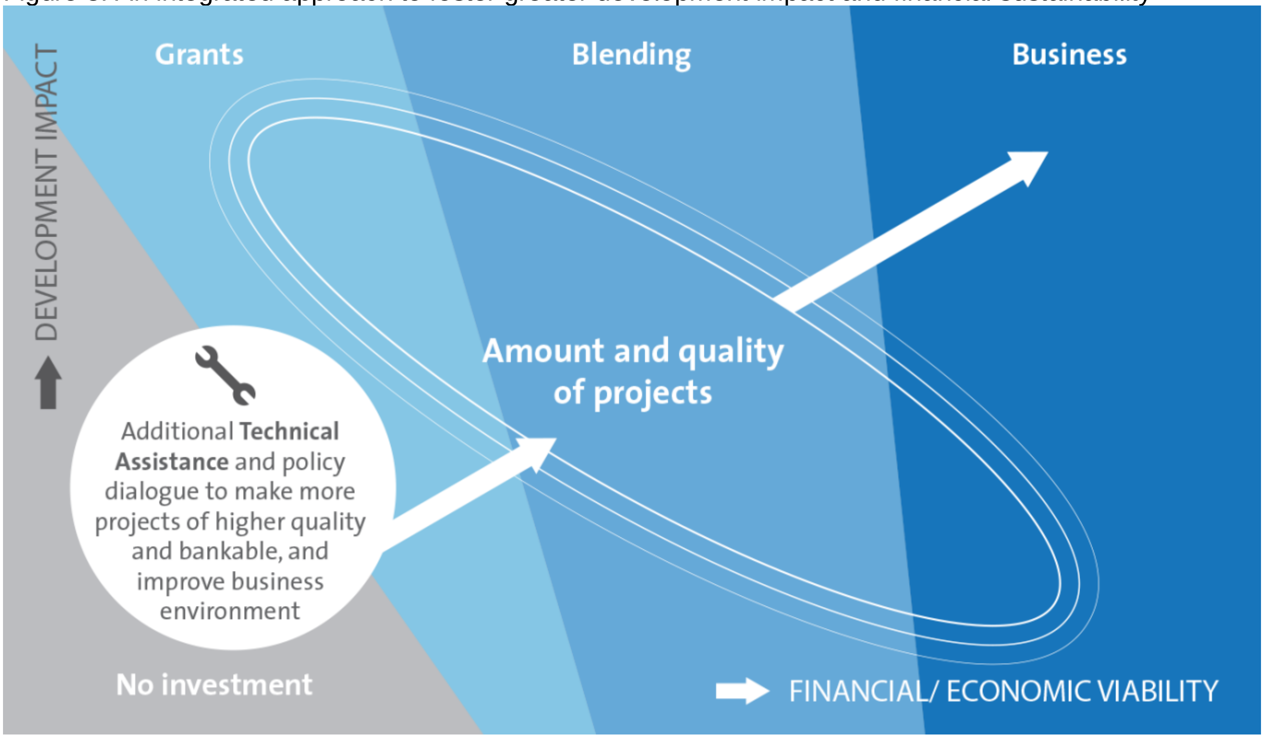
Pillar 1- the European Fund for Sustainable Development (EFSD), including its regional investment platforms for Africa and the EU Neighbourhood, is complemented by an additional new €1.5 billion guarantee, which together aim at leveraging €44 billion of investments through IFIs and DFIs, with a particular focus on European DFIs, to diversify the range of actors as well as increase and foster coordination and competition among them.

The financial pillar is complemented by non-financial support in the form of **technical assistance** (**Pillar 2**) to develop bankable projects and increase capacity, and policy dialogue (under **Pillar 3**). The latter targets the **investment climate** through structured dialogue with both; i) businesses via the new Sustainable

Business for Africa (SB4A) platform operating at country, sector and strategic levels to identify reform needs; and ii) partner governments to conduct policy and political dialogue on policy reforms.

Multi-stakeholder policy dialogue to improve the investment climate, combined with dedicated technical assistance for capacity building and project preparation, aim at improving the number and quality of projects that are both more financially sustainable and more impactful in terms of development and environmental outcomes. This process is illustrated in Figure 3, acknowledging the inherent limits of blended finance, which should not fully replace grant funding, and should crowd in and not crowd out private finance, or be a substitute for fully commercially viable projects.

Figure 3: An integrated approach to foster greater development impact and financial sustainability

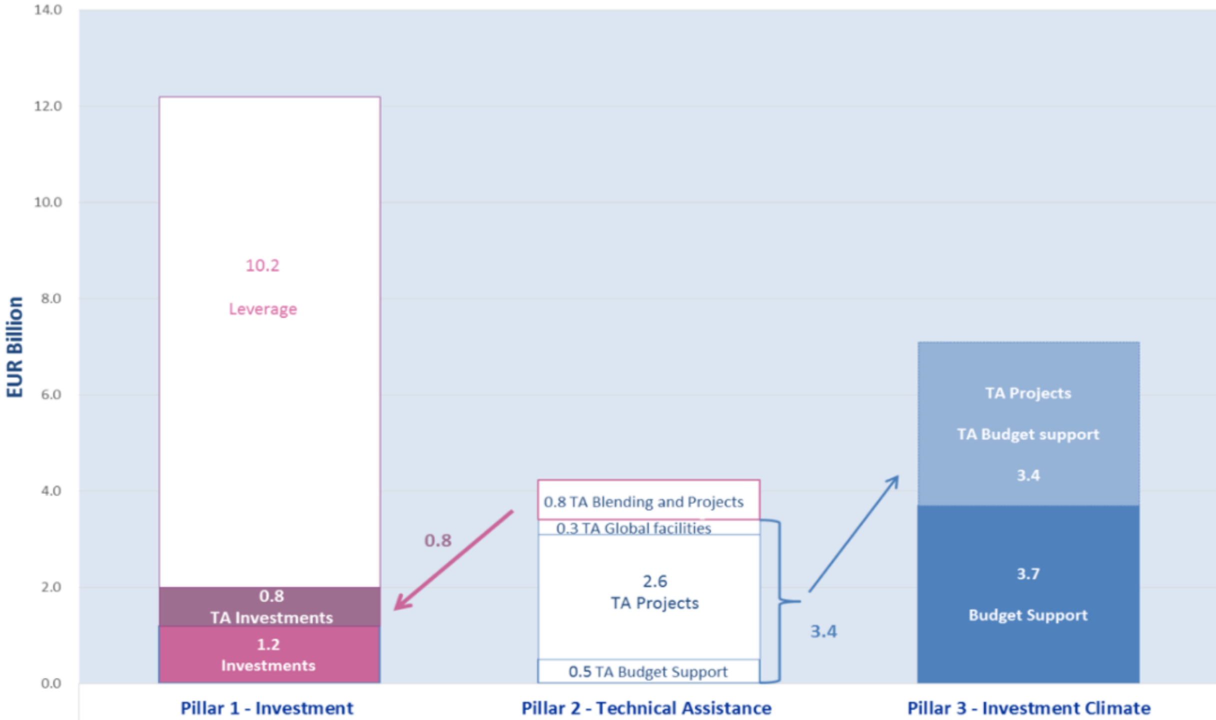


Source: Adapted from [Grosse-Puppendahl et al. (2017)]().

Pillar 2, on Technical Assistance, has a critical role to play in support of both Pillar 1 (EFSD projects) and Pillar 3 (Enabling environment). It aims to help make projects bankable by supporting local authorities and companies as well as improving the investment climate in cooperation with the private sector. With regard to Pillar 1, technical assistance will be used to support the investment pre-identification phase, the investment preparation as well as the actual investment phase. This is a key condition to develop a pipeline of bankable projects, even more so given the intended focus of the EFSD on leveraging private finance in poorer and more fragile countries, where there is a glaring lack of viable projects and implementation is often difficult. Support to Pillar 3 is similarly critical, as technical assistance will support; i) the provision of market intelligence, investment climate analysis and dialogue; ii) government reforms; and iii) capacity building and value chains upgrading. Coordination among the three pillars is therefore a central element for the success of the EIP. With nearly €5 billion already allocated to technical assistance, there is no additional resources or earmarked funds allocated for technical assistance under the EIP at this stage. Looking at Figure 4 suggests that there is a substantial amount of technical assistance available, which can have a very positive impact on the other two pillars, if used well.

Coordination for the effective mobilisation and use of existing technical assistance and finance along the EIP priorities must therefore be carefully done both at headquarter and country levels, including through local stakeholders, EU Delegations, EU Member states and development finance entities.

Figure 4: EU's Existing technical assistance in Sub-Saharan Africa (estimated 2012-2017)



Source: Union's External Investment Plan - New Generation Instrument for Sustainable Development. EC DG DEVCO Lunchtime conference External Cooperation Infopoint, 12.30-13.45, 10/11/2017.

Pillar 3 on promoting a conducive investment climate, is the enabler for attracting impactful investment towards sustainable and inclusive growth. This requires increasing coherence and complementarity of EU actions with local actors and dynamics, and among EU entities, with a key role of EU Delegations (EUDs). The EU intends to focus on three areas**:**

(i) **Structured dialogue with business**, including a Sustainable Business for Africa (SB4A) platform, operating at different levels: local level (EU Delegations); sector level (agriculture, energy, digitalisation…), and strategic level (headquarters level), so that African and EU business perspectives and investment climate constraints can be addressed; this was launched at the EU-Africa Business Forum (EABF) during the 5th AU-EU Summit in Abidjan in November 2017;

(ii) Country **analysis** regarding priority sectors and value chains by providing market intelligence and investment opportunities; and

(iii) **Policy and political dialogue** with partner countries, building on existing EU development cooperation, political dialogue and emerging economic diplomacy, regarding governance, policy reforms, value chain upgrading, technical assistance and budget support. The European Commission also aims at linking the envisioned policy dialogue under the EIP to budget support to discuss the broader macro-economic environment in a specific country.

Additionally, fostering cooperation with EU Member States' activities within countries, notably through and with their Chambers of Commerce, as well as more systematic cooperation with the IMF and World Bank shall strengthen and reinforce the impact and leverage of Pillar 3 activities.

2. Single entry point for financing and project requests - a 'one-stop-shop'

Particularly for private investors and those seeking financing, it has been very difficult to identify the right entry to the EU apparatus, in terms of contact points, instruments and access the right type of information for investment projects or proposals to go ahead. Hence, a single-entry point for such requests and proposals as well as the ability to talk to the right stakeholders can not only increase the transparency and efficiency of EU funded instruments and financial support but more importantly, can lead to a more effective and better leverage of public-private finance and investment proposals for development beneficial projects.

Such a role will be played by the newly created EIP Secretariat based in Brussels that in close cooperation with the EUDs, will serve as a single-entry contact point to facilitate coordination and cooperation and enhance accessibility.

3. Risk mitigation for investments in difficult environments (post-conflict/LDCs) - the new EFSD Guarantee

A recurrent issue in development finance is related to the (perceived) high risk for investment projects in sub-Saharan Africa that is faced by private investors but also local, national, regional and international (development) banks and financing institutions. The main innovation of the EFSD is to provide a comprehensive guarantee mechanism. This new EFSD Guarantee can be passed on to all finance entities entrusted with managing EU funds (i.e. that have successfully been pillar-assessed).

The objective is to mitigate the following types of risks, which shall benefit the final investments as well as serve for higher development impact allowing risk sharing with other investors, notably private actors:

- **commercial risks –** losses due to a borrower or counterparty failing to meet its obligations in accordance with agreed terms (e.g. payment risk, performance risk, etc.);
- **political and country risk** – relates to state or government actions, over which the investors have no influence (e.g. expropriation, coup d'état, civil war, legal and regulatory risk);
- **currency risks** – potential losses due to fluctuations, convertibility, transferability and exchange rates; and
- **climate change and environmental risks** (e.g. droughts, flooding, extreme weather events, temperature rises, etc.).

The EFSD guarantee - to stimulate investments in particular from the private sector (crowding in), by reducing the risk associated with specific operations - is partly provided through the general budget of the EU (€350 million) and the 11th European Development Fund (EDF) (€400 million)[1], while it also includes a €750 million contingent liability. The EFSD Regulation further specifies that "a minimum of €400 million of EFSD Guarantee coverage should be allocated for investments in partner countries eligible under the 11th EDF", while a minimum of €100 million shall be allocated for the EU Neighbourhood countries.

The following instruments are covered in terms of risk (Art. 10, EFSD regulation): a) loans, including local currency loans; (b) guarantees; (c) counter-guarantees; (d) capital market instruments; and (e) any other form of funding or credit enhancement, insurance, and equity or quasi-equity participations.

[1] Regulation of the EP and the Council establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, PE-CONS 43/1/17.

Box 3: What are the eligibility criteria for the use of the EFSD Guarantee?

The EFSD Regulation's Article 9(1) specifies some of the underlying objectives, where financing and investment operations shall have a specific focus "*on the eradication of poverty, the creation of decent jobs, economic opportunities, skills and entrepreneurship, promoting in particular gender equality and the empowerment of women and young people, while pursuing and strengthening the rule of law, good governance and human rights*". Article 9(2) further regulates only those financing and investment operations shall be supported, which address market failures or sub-optimal investment situations, fulfilling the following nine criteria:

1. Additionality;
2. Complementarity with other initiatives but distinct particularly from the external lending mandate (ELM) and operations managed by the EIB, e.g. the ACP Investment Facility (IF);
3. Alignment of interest by providing adequate risk sharing by the respective eligible counterpart and other prospective partner;
4. Economic and financial viability "taking into account the specific operating environment and capacities of countries identified as experiencing fragility or conflict, LDCs and heavily indebted poor countries where more concessional terms can be given";
5. Technical viability with sound environmental and social sustainability;
6. Maximisation of mobilising private sector capital, where possible;
7. Accordance with development effectiveness principles as set out in the 2011 Busan Partnership for Effective Development Cooperation, including ownership, alignment, focus on results, transparency and mutual accountability, as well as the objective of untying aid;
8. Fulfillment of ODA criteria as established by the OECD-DAC; and
9. Implementation with full respect for internationally agreed guidelines, principles and conventions, including, the Principles for Responsible Investment, UN Guiding Principles on Business and Human Rights (UNGP), OECD Guidelines for Multinational Enterprises, UN Food and Agriculture Organization's (FAO) Principles for Responsible Investment in Agriculture and Food Systems, and International Labour Organisation (ILO) conventions, as well as International human rights law.

In addition, the 'Application form for the EFSD Guarantee', which was published on 20 December 2017 to invite pillar-assessed eligible counterparts to send proposed investment programmes (PIP), lays down the following additionality components, which have to be explained: *Economic (quality), Financial (scale), Social, Innovation/novel features of the product and expected Replicability, Sustainability, Environment, and Private Sector Involvement*. The application form also expects any eligible counterpart to describe the risks in view of the guarantee cover, as a legally necessary requirement. Risks are defined as "eligible guaranteed risks - commercial/political/comprehensive or conditional/causality check", which have to be assessed along the following categories into high, medium and low: Political, Economic, Financial, Social, Environmental, Implementation, and Other. Row 36 further expects information on the 'Sustainability of the underlying operations'. There is also a line on consultations that have taken place before PIP submission, which besides mentioning EU Delegation(s) and Geographic unit(s), refers to Local partners/Regional organisations/Other stakeholders.

Achieving the envisioned leverage effect shall also be done by increasingly working with the European Development Finance Institutions (EDFIs), while in the past leverage was mainly reached through the 'big four' - the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and national DFIs, such as the German Development Bank (KfW) and the French Development Agency (AFD). This has partly to do with the fact that it requires some effort especially for smaller (E)DFIs to get seven- or four-pillar-assessed to become eligible counterparts for the EFSD. However, an important innovation is the ambition to also work with non-EU DFIs, such as IFC and the African Development Bank (AfDB), to both diversify and increase competition between EIP financial institutions.

4. Way forward

The EIP represents a major shift for the EU in doing development, as for the first time it explicitly recognises using aid to leverage private investments in a fully integrated manner, combining in a common framework financial and non-financial support to improve the quantity and quality of pipeline of projects as well as by enhancing the investment climate. While blended finance has been part of the EU toolkit for over a decade, notably by the EU regional blending facilities, the EFSD guarantee now for the first time, puts greater emphasis on risk mitigation for mobilising private finance. In light of high (perceived) risk levels, especially in Africa and the need to leverage large amounts of investments - from billions to trillions - finance from DFIs and development banks alone will however, not be enough.

What is needed instead is to find ways including a potential change in their operations towards a better and more strategic mobilisation of private finance. In particular, institutional investors, such as insurance companies and other long-time investors, such as pension funds and sovereign wealth funds, which can contribute to sustainable and inclusive development. Above all, it will be of utmost importance to sustainably enhance the business environment and investment climate, to incentivise private engagement. In this regard, building on local development priorities will be a requirement, including in supporting the development of local financial markets and local development-oriented financial institutions.

Yet, to be really successful, the EIP will need to have a systemic impact on the way the European institutions and their partners effectively manage to work together in a more coherent and complementary manner. This will require addressing key challenges on the way forward, which relate not only to current practice but more substantially to accepting and managing higher levels of risk and ambition for more development impact. Such forward-looking analysis and an overview of the key issues to be tackled will be addressed in ECDPM Briefing Note 102.

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