



Africa-Europe Alliance: two new financial guarantees under the EU External Investment Plan

Brussels, 11 November 2019

Today in the margins of the 2019 Africa Investment Forum in Johannesburg, South Africa, the European Commission signed two guarantee agreements with two Member States' development finance institution: the Dutch 'Financierings-Maatschappij voor Ontwikkelingslanden N.V' (FMO) and the Italian 'Cassa Depositi e Prestiti' (CDP). These guarantee agreements are part of the implementation of the EU External Investment Plan, the financial arm of the [Africa-Europe Alliance for Sustainable Investment and Jobs](#).

Commissioner for International Cooperation and Development, **Neven Mimica** said: *"The agreements signed today, worth €70 million, will help us to unlock more than €500 million in new investment in Africa and the EU Neighbourhood. These guarantees aim at mitigating and sharing the risk with other private investors in countries where otherwise these investments would not be as attractive. They will help to boost access to finance for small businesses, notably in the tech sector – and create up to 175,000 jobs directly and indirectly."*

Two guarantees, one goal: more investment in partner countries

The two guarantees will significantly boost investment and access to finance for small businesses (MSMEs), especially in the technology sector, in the countries covered by the Plan.

- FMO Ventures Programme

This €40 million guarantee agreement is a partnership with FMO, the Dutch development bank. It targets Sub-Saharan Africa and the EU Neighbourhood. It will guarantee venture capital provided by FMO to start-up companies, in particular led by young entrepreneurs. The companies will use technology to lower the costs of making or supplying products and services that were previously unaffordable to many people. The guarantee will target companies offering digital solutions in a wide range of areas, from agriculture, access to energy and financial services to education, healthcare, transport and logistics. It will support up to 125,000 new jobs, directly and indirectly.

- Archipelagos One4A – One Platform for Africa

The €30 million Archipelagos guarantee agreement is a partnership with Cassa Depositi e Prestiti (CDP), the Italian Development Bank, and the African Development Bank (AfDB). It will support access to finance across Africa for high potential small businesses. In order to help their growth, the programme supported by the guarantee will provide financing through innovative capital markets solutions. It will also enable financing partners to share the risk of investing in projects. By doing so it will generate up to 50,000 jobs, many for young people, and benefit about 1,500 small businesses in 10 African countries.

These guarantees are part of the External Investment Plan, which, by investing €4.5 billion, is set to leverage €44 billion in total investment. Out of the total budget, the EU has already allocated €4.2 billion.

Background

The EU External Investment Plan is using €4.5 billion in public funds to leverage €44 billion by 2020 in public and private investment for development in countries neighbouring the EU and in Africa.

The plan has three pillars. The first is **finance**. Through financial guarantees, the EU mitigates the risk in countries with difficult environments so that private investors and development banks will lend to entrepreneurs or finance development projects.

The plan's second part is **technical assistance**. This funds experts who help develop new projects, to the benefit of will authorities, investors and companies. Technical assistance may include, for example, market intelligence and investment climate analysis, targeted legislative and regulatory advice, support to partner countries in implementing reforms, chains and identification, preparation, and help to carry out necessary investments.

The third part is **investment climate support**. The EU works closely with governments in partner countries to help them improve the conditions which investors consider when making their decisions. These include the business environment and a country's political and economic stability. The EU also

brings together governments and business to discuss investment challenges.

The External Investment Plan is a key part of the **Africa-Europe Alliance for Sustainable Investment and Jobs**, launched by European Commission President Jean-Claude Juncker in September 2018. The Alliance aims to boost investment which creates jobs and promotes sustainable development.

For More Information

To find out more about the EU External Investment Plan, see [here](#) and [here](#).

To find out more about the Africa-Europe Alliance, see [here](#).

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