



Council of the
European Union

Brussels, 14 December 2015
(OR. en)

15186/15

ACP 179
FIN 886
PTOM 30

OUTCOME OF PROCEEDINGS

From:	General Secretariat of the Council
To:	Delegations
No. prev. doc.:	14998/15
Subject:	European Court of Auditors' special report No 14/2015 on "The ACP Investment Facility: does it provide added value?" - Council conclusions (14 December 2015)

Delegations will find in the annex the Council conclusions on the European Court of Auditors' special report No 14/2015 on "The ACP Investment Facility: does it provide added value?", as adopted by the Council at its 3438th meeting held on 14 December 2015.

Council conclusions on the European Court of Auditors' special report No 14/2015 on "The ACP Investment Facility: does it provide added value?"

1. The Council welcomes the European Court of Auditors' Special Report No 14/2015 on " The ACP Investment Facility: does it provide added value?".
2. Recalling its Conclusions on "A stronger role of the private sector in development cooperation: An action oriented perspective"¹, and on the Agenda for Change², the Council acknowledges that the private sector is an important driver for development. The 2030 Agenda for Sustainable Development and as an integral part the Addis Ababa Action Agenda further recognise that private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. In this context, international financial institutions are important for leveraging private finance and mitigating risks, ensuring additional finance to the implementation of the 2030 Agenda within their respective mandates.
3. Recalling its conclusions of May 2015, the Council considers the use of blending modalities to be relevant for increasing financial leverage and impact to support the overarching priority of poverty reduction and sustainable development.
4. The Council welcomes the results of the audit into the ACP Investment Facility, which finds the EIB's Investment Facility to be overall coherent with and add value to the EU development cooperation with ACP countries, as well as to have a catalytic effect. By providing long-term loans in local currency in ACP countries, the Investment Facility contributes to eliminating exchange rate risk for borrowers, increasing access to finance and leveraging, additional funds both for public and private sector operations.

¹ Doc. 16856/14.

² Doc. 16827/14.

5. The Council positively notes the diversified nature of operations financed through the Investment Facility and encourages the EIB to further strengthen the delivery of social, economic and environmental impact objectives, also in the areas of climate change and migration.
6. The Council also welcomes the increased potential for the Investment Facility to reach more private sector beneficiaries by providing long-term funding for financial intermediaries, thereby developing the local financial sector, and stimulating the financial intermediaries' on-lending to small and medium-sized enterprises (SMEs).
7. The Council positively notes that the provision of loans in local currency is a worthwhile means to increase the development impact of the Investment Facility. Loans in local ACP currencies targeted at local enterprises, which do not trade internationally are key to the promotion of SMEs and microenterprises. The Council encourages the EIB to explore methods to continue meeting the demand for loans in local currency.
8. The Council welcomes the Court's recommendation to further improve visibility and value-added, by ensuring the disclosure of the source of funding all the way through the funding process, notably in lines of credit. It also encourages the EIB to enhance the development impact at the level of small and medium-sized enterprises by ensuring that the end beneficiaries can fully benefit from technical assistance.
9. The Council notes the Court's conclusion that higher-risk projects with higher development impact through the Impact Financing Envelope have contributed to the Investment Facility's coherence with other areas of EU development cooperation with ACP countries. The Council encourages the EIB to explore the Impact Financing Envelope's potential to further increase this coherence by focusing on projects which generate a strong development impact.

10. The Council stresses that ownership and alignment with national and regional development strategies in ACP regions should be ensured, particularly through strategic discussions with relevant national and regional authorities. In this regard, the Council welcomes the opening of new EIB offices in ACP regions, as a means to strengthen further the EU dialogue with ACP countries and regions and encourages close coordination between the EIB offices and EU delegations.
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