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NOTE

From:	General Secretariat of the Council
To:	Working Party for Humanitarian Aid and Food Aid (COHAFA)
Subject:	Private Sector and Humanitarian Assistance - presentation by ECDPM

Following the COHAFA meeting of 16 November, delegations will find in Annex presentation made by the European Centre for Development Policy Management (ECDPM)⁽¹⁾⁽²⁾.

¹ ECDPM's identification number in the EU Transparency Register: 738492215435-82.

² This document contains a presentation by an external stakeholder and the views expressed therein are solely those of the third party it originates from. This document cannot be regarded as stating an official position of the Council. It does not reflect the views of the Council or of its members.



European private sector and finance in humanitarian aid

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16 November 2022

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Introduction: Humanitarian aid and the private sector

Era of **perma-crisis** (political, economic, environmental and social) that jeopardises the 2030 Agenda for Sustainable Development

ODA **will not be enough** to address the crises and development needs, in particular in poorer, fragile and conflict affected countries (FCACs) => the **private sector and private finance** can play a critical role in supporting the resilience, rebuilding and development of FCACs.



- The **private sector** can provide solutions through its innovation, expertise and resources, including in humanitarian issues (e.g. implementing humanitarian aid projects)



- Leverage innovative finance by **blending** public development finance with private finance for increased development impact => relevant esp. in the transition to development



- Examples: Support provided to refugees to engage in economic activities, in the form of a guaranteed credit line (and/or highly concessional) provided to financial intermediaries including microfinance institutions.

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An EU framework fit for purpose?

An ambitious European sustainability framework, characterised by:

- Streamlined and innovative finance, through NDICI-Global Europe - **EFSD+**
=> guarantees and blended finance implemented by DFIs/PDBs
- Coordinated and common development finance approach with **EFAD**, following a Team Europe / working better together approach to achieve policy first objectives
- Combinaison of development and geo-political ambitions through the EU Green Deal and Global Gateway: **policy-first**, based on EU values, principles, interest



DFIs expected to engage more and more in:

- **crises: prevention** (e.g. adaptation, digitalisation) & **recovery** (e.g. counter-cyclical, migrants)
- **challenging contexts including LDCs and FCACs**
=> e.g. Ukraine where DFIs provide support to the private sector – see for instance EBRD guarantee to facilitate access to finance for agribusiness => food security, and loan for SMEs affected by the war; e.g. EFSD/FMO's NASIRA guarantee - youth & migrants jobs)

The crisis following the Russian war in Ukraine showed that DFIs can play a key role not only for the reconstruction and development phases of the country, but also in terms of humanitarian assistance. In doing so, they are to a certain extent equipped to make the link between humanitarian aid and development

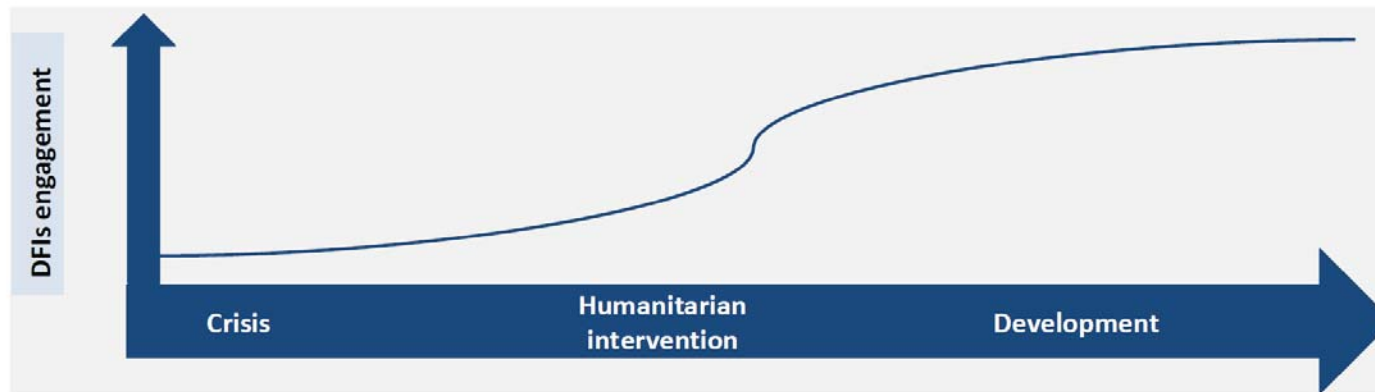
=> Key to leverage the learnings from this crisis to help DFIs adapt their business model to better respond to crises.

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Key challenges

Timing



DFIs business model focus on the mid to long-term => see the COVID pandemic where DFIs got active after some delays, being unable to address urgent needs.



DFIs should learn from lessons from the implementation of humanitarian interventions, which are able to deliver results on the short and longer terms, addressing immediate needs, recovery and doing so based on a long-term approach, making the transition to development.

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Key challenges

Challenges of fragile and conflict affected countries
and development finance institutions

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Fragile and conflict affected countries



Development finance institutions



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Key recommendations 6/2

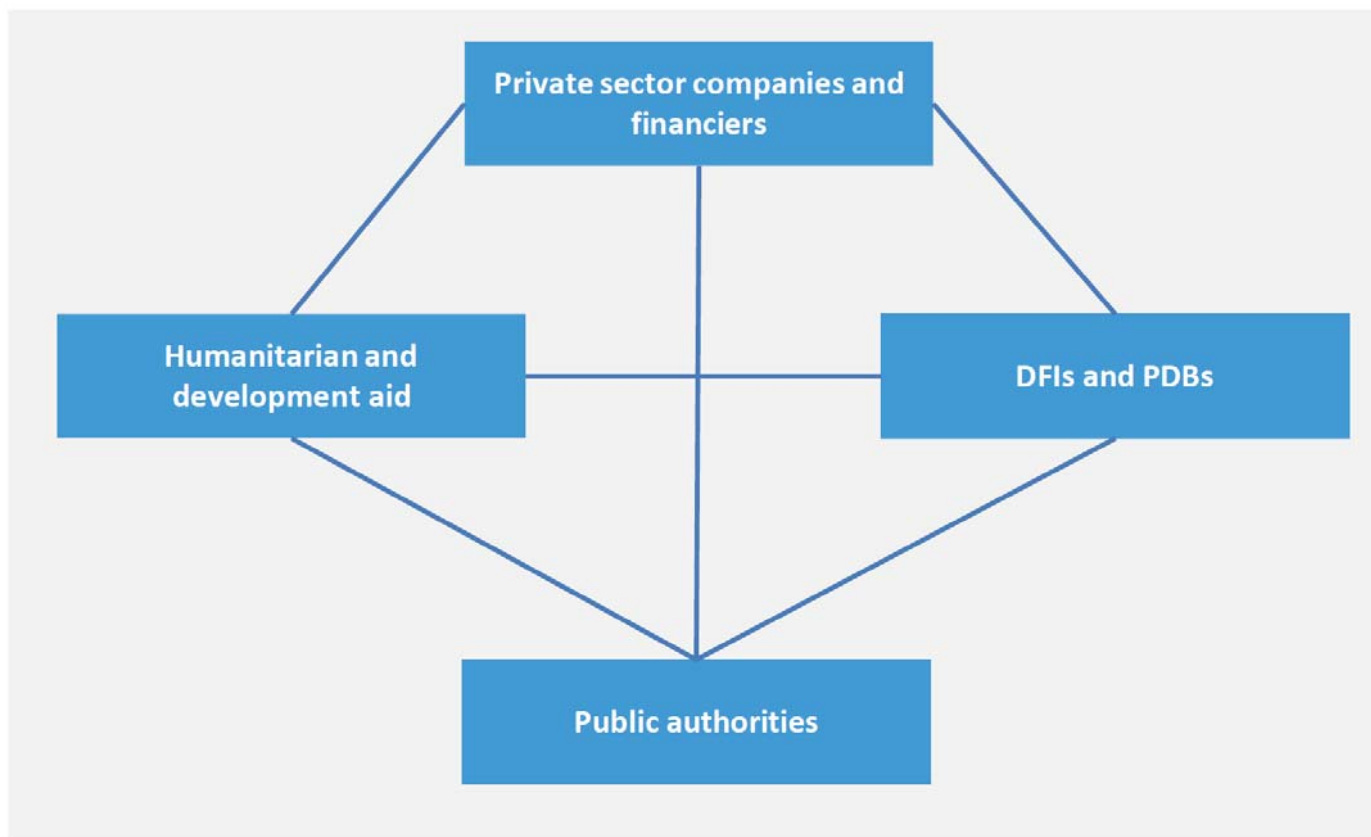


Exploit synergies with insurance companies

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Key recommendations 7/2



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Thank you!



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