Announced by EU Commission’s President Jean-Claude Juncker in 2016, the External Investment Plan (EIP) was launched in September 2017 and led to the creation of the European Fund for Sustainable Development (EFSD). The initiative is part of the Commission’s long term strategy for the EU to address the issue of migration by tackling its „economic roots”.

First of all, the EU narrative on the root causes of migration lies on quite dangerous premises. Indeed, according to the Commission’s view migration is a problem and development – deviated from its genuine aid objective – is a way to „solve” it. In this context, the EIP could be considered an essential tool in the EU migration and border control policy – the financial counterpart to more stringent migration control policies by partner countries.

Second, the EIP was conceived along the lines of a growing trend in the EU development agenda: channeling development aid through so-called “blending” mechanisms....
that use EU funds as guarantees for loans. The aim of this mechanism is to trigger private investments through the leverage of scarce public resources. This approach, advertised as new and innovative, has actually been in place already for quite some time and evidence on its effectiveness and additionality is very scarce – as demonstrated by a recent evaluation of the already existing EU blending facilities commissioned by the EC itself.

Furthermore, the development goal attached to the EIP is based on the alleged need to support the private sector to deliver growth and jobs in Africa and the European neighbourhood regions. „Down-to-earth investment” as European Investment Banks’s President Hoyer defined it, is portrayed as a silver bullet to what sounds more like an economic diplomacy & business plan than a development and poverty eradication one. Avoiding tied aid and subsidising the private sector to agglomerate cheap labour with low social protection will be a crucial challenge for the EIP if it is to reach its stated development goals.

The report then distils key recommendations for the EFSD Strategic and Operational Boards to make the EIP a real pro-poor and sustainable instrument:

• **De-linking the EFSD from migration control policies** – Diverting resources towards border control instead of development aid budgets in an “aid securitization” move risks becoming a mechanism to finance “fortress Europe”. Thus, EFSD operations should not be made conditional to partner countries implementing other measures or initiatives under the EU Migration Policy and investments need to be targeted to areas and sectors where they are most needed and can achieve a positive impact.

• **Towards a stringent approach on the respect of safeguards and climate change** – The EFSD Strategic Board should make it clear that contribution to poverty eradication, promotion of Human Rights, rule of law and democracy will be at the core of EFSD operations. The Commission needs to take direct responsibility to monitor this and not leave it only to the discretion of development banks.

In parallel, all projects supported by the EFSD need to be climate-proof and in line with the Paris agreement objectives. Thus no-go sectors like fossil fuels or land-grabbing should be established and small-scale projects with high development impact should be privileged over large infrastructure ones.

• **Raising the bar on transparency and accountability** – As the new Commission’s flagship development instrument, the External Investment Plan needs to score high on transparency, by making information on the project selection process easily accessible, as well as performing ex-ante and ex-post assessment of the impacts of projects. At governing bodies level, it will be key that the minutes of the Strategic Board and Operation Board’s meetings are made public. This will help understand the overall orientations of the EFSD and the project selection – why specific projects are benefiting from guarantees stemming from the EU budget.

A high level of accountability for final beneficiaries and local communities impacted by the projects needs to be kept, for example through guaranteeing access to grievance mechanisms. In parallel, it will be important to make sure that all stakeholders are involved through all stages of the process and that the EFSD governing bodies receive regular oversight by the European Parliament.

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