

EDFI

Annual Report 2023

The Association of European Development Finance Institutions

Chairman's message



European Development Finance Institutions Lead the Charge in Sustainable Investing

Over 30 years ago, a group of visionary Tunesians started Enda Inter-Arabe, to support the social and economic development of the poorest in their country. They quickly realised that nobody was willing to provide entrepreneurial financing to those who had virtually nothing, prompting Enda to set up its own micro-financing facility. By the mid-2010s, Enda had supported over half a million, mostly women, micro-entrepreneurs. But demand far exceeded the financing capacity of the NGO, so Enda had reached the limits of its financing capacity, Enda asked DFIs and other impact investors to assist in really scaling its micro-financing. This led Proparco, the French DFI, and BIO, the Belgian one, to provide equity to establish Enda's financing as a separate entity, Enda Tamweel. This new, well-financed entity is controlled by the NGO Enda Inter-Arabe, with which it cooperates strategically. The innovative structuring of this cooperation has been an impressive success. Today, it supports more than half a million Tunesians for whom Enda often provides the only access to business angeling and capital as they develop their economic autonomy and social well-being. Today, further debt capital is provided by BIO and the Dutch DFI FMO.

This tale of Enda's Tunisian adventure is a case in point of DFI's ambition, approach, and success. The 15 European DFIs form a formidable development financing network that catalyses private sector financing in developing countries. While the DFIs are all solidly anchored in their national economies, benefiting from domestic financing and from their relations with public agencies, private financiers, NGOs, academics, and others in their countries, their strategic cooperation with other DFIs enables them to co-invest and share risks, mutually delegate tasks to save costs, support and learn from each other, and jointly reach out to multi-national finance providers and institutions to catalyse investing in private entrepreneurship in developing contexts.

Yet we still often overlook their creativity. With their decades of experience, DFIs are cutting-edge in imagining and enacting innovative solutions for the evolving financing needs of entrepreneurs who may be simultaneously wrestling with climate change, armed conflicts, and major economic disruptions that characterise our era. Enda is just among myriad successful DFI innovations. In recent years, DFIs worked with financial institutions in developing countries to introduce private equity financing in Africa, to create blended financing structures to invest in climate mitigation endeavors, to catalyse the collaboration between companies in developing countries with those in Europe, and to mobilise developing countries' domestic investors for their entrepreneurial development ambition – to mention just a few of their achievements. Together, the 15 European DFIs made a record-breaking €9.6 billion of new investments in 2023, leading to a joint portfolio of 6,916 investments totalling €52.6 billion by end 2023. During this year, climate financing surged by a remarkable 70% to €3.6 billion, while gender lens investments increased by 38% to €2.3 billion.

Yet more important that the numbers are the principles they embody. European DFIs are standard-bearers for Western values – freedom, democracy, and human rights. We firmly believe that the best response to an increasingly complex geopolitical landscape is to support the entrepreneurial endeavors of the world's marginalised and disenfranchised not only with financing, but with a vision of equitable sustainable development rooted in fundamental human values. In a world where democracy and human rights are increasingly under threat, DFIs seek to be a beacon of hope, sculpting finance as a powerful force for good.

As the association of European DFIs, EDFI supports its member DFIs, reaches out to European and international policy makers to fully realise and facilitate the potential of Development Finance, and has been driving a Transatlantic strategic partnering of the European DFIs with the DFIs in North America: US DFC and FinDev Canada. Together, we strengthen the G7 DFI Alliance, for example to establish a Ukraine co-investment Platform with the EBRD. We collaborate in accelerating investments in so-called Fragile and Conflict-Affected States, in particular by means of the Africa Resilience Investment Accelerator (ARIA) initiative. And we can marshal investing in arresting climate change and achieving the SDGs.

Innovation, cooperation – and human rights and democracy – are cornerstones of the DFI ecosystem, driving our vision of giving everyone on our dear Earth a chance to feel that their future may be bright.

Luuk Zonneveld
Board Chair

General Manager forward



European DFIs: Catalysts for Sustainable Development in a Volatile World

In 2023, European Development Finance Institutions (EDFIs) continued to pioneer in market creation, blended finance and ESG integration. We have demonstrated our ability to signal emerging trends and potential threats and translate these in our investment decisions. This positions us, with the help of our shareholders and partners, as forward-thinking institutions in the development finance landscape.

As outlined in the Addis Ababa Action Agenda, private business activity, investment, and innovation are crucial drivers of inclusive economic growth and job creation. EDFIs are uniquely positioned to harness this potential, bridging the gap between public policy objectives and private-sector dynamism.

Looking ahead, European DFIs are keen to contribute to global action to increase the mobilisation of private finance. Next year, we will actively participate in the preparations for the Fourth International Conference on Financing for Development (FfD4).

At this decenary conference the global community will reiterate its aspirations to reach the sustainable development goals. At the same time, this is the moment to show leadership and reach global consensus on how to address the bottlenecks to increasing private finance in developing countries. EDFI stands ready to inform and evolve the global dialogue, and help global leaders tackle the challenges that have frustrated attainment of the SDGs in the past decade.

One such challenge is ensuring that sustainable finance regulatory frameworks create opportunities rather than obstacles to investment. Whilst sustainable finance regulations are essential in defining our identity and combating greenwashing, we must ensure they don't inadvertently stifle investment. The perception of regulatory burden among our investors is significant, and we must be proactive in helping regulators, such as the European Commission, to design frameworks that help promote sustainable investments in emerging markets and developing countries. EDFI is ready to contribute constructively to this agenda.

As we reflect on our successes in 2023 and look to the future, I'm reminded of the incredible community of change we've built. With over 3,000 professionals across our member organisations, we form a unique, powerful, and agile force for good. Every day, these dedicated individuals work tirelessly to harness the power of finance for climate action and reducing inequality.

Through a diverse set of tools, we mobilise not just finance, but also skills and knowledge that improve millions of lives in developing countries. In doing so, we bring stability to households and societies around the world.

I am confident that European DFIs will continue to play a pivotal role in shaping a more sustainable and equitable global economy. By staying true to our mission and values, embracing innovation, and fostering strong partnerships, we can turn the ambitious goals of sustainable development into tangible realities for people across the globe.

David Kuijper
Managing Director

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About EDFI

The Association is its members

An association of 15 bilateral development finance institutions from European countries, EDFI serves as a platform for collaboration and coordination among its member institutions focused on promoting sustainable private sector development in emerging and developing economies.

The EDFI network wields significant power in driving operational efficiency and development impact across its 15 member institutions. By fostering collaboration, knowledge sharing, and best practices, EDFI enables its members to achieve greater collective impact than they could individually. This join-up allows European DFIs to tackle complex development challenges more effectively and deploy capital more strategically in emerging and developing economies.

A key strength of the EDFI network is its ability to spur mobilisation in development finance. By pooling resources and expertise, EDFI members can take on larger projects, share risks, and attract additional private capital to development initiatives. This multiplier effect significantly enhances the overall impact of European development finance.

Founded in 1992, the EDFI Association has a unique ownership structure, with members backed by their respective national governments, grants the network considerable convening power with European policymakers at both EU and national levels. This positioning allows EDFI to effectively advocate for policies that support sustainable development and private sector growth in target countries.

On the international stage, EDFI collaborates closely with global bodies such as the IFC, the United Nations, and other multilateral institutions. These partnerships enable EDFI to align its efforts with broader global development agendas and contribute significantly to achieving key aims under the UN Sustainable Development Goals. By leveraging its collective strength and expertise, EDFI plays a crucial role in shaping the global development finance landscape and driving progress towards a more sustainable and equitable world.

EDFI membership at a glance



Vision, Mission and Values

EDFI's primary mission is to foster cooperation among its members and enhance their collective impact in supporting sustainable development.

EDFI members invest in private sector projects in low- and middle-income countries, aiming to create jobs, boost economic growth, and address challenges like poverty and climate change. They provide long-term financing on market-based terms, often in the form of loans, equity investments, and guarantees. Key sectors of focus include financial institutions, renewable energy and other infrastructure, agribusiness, and manufacturing.

The European Development Finance Institutions (EDFI) association is guided by a clear vision, mission, and set of core values that drive its work in promoting sustainable development through private sector investment.

A Vision to improve people's lives

EDFI envisions a world where the private sector in low- and middle-income countries offers people opportunities for decent work and improved lives, with private investment flows aligned with the UN Sustainable Development Goals and the Paris Climate Agreement.

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A multifaceted Mission

- Foster cooperation among its members and with EU institutions and other DFIs
- Improve member efficiency and effectiveness
- Provide common representation for members
- Develop and support joint policies
- Secure financing opportunities for members
- Promote the joint interests of members

Core Values that guide EDFI

- **Responsible:** Ensuring ethical and sustainable practices
- **Sustainable:** Focusing on long-term development impact
- **Impact-driven:** Prioritising measurable positive outcomes
- **Trusted and Transparent:** Maintaining integrity and openness in operations

Year in Review

2023 in Numbers

- EDFI member DFIs add €9.5 billion in total new equity stakes and financing
- Robust 38 percent bump in gender equality commitments, 17 per cent rise for climate
- Record-high new investments further boost private firms in low-, middle-income countries

Record investments by EDFI members in 2023 were directed towards sectors such as renewable energy, agriculture, financial services, and SMEs. These investments aim to create jobs, improve access to essential services, and promote sustainable economic development in target countries.

The 15 Europe-based development finance institutions who comprise EDFI recorded in 2023 their strongest year for total level of combined commitments¹. Together, DFIs channeled €9.6 billion in capital to private sector clients in emerging and developing economies who would otherwise not have accessed capital for impact-rich business activity².

Despite a lumpy macro-economic landscape and geopolitical unease, EDFI members increased new investments by 10%, bringing them beyond the pre-Covid commitment level.

Africa remains top DFI investment destination

Africa once again took in the largest share of total new commitments, at 40 per cent of 2023 financing and valued at €3.8 billion, up 12 per cent from 2022.

Gender finance marches forward

DFIs continued to join up impact and finance, especially for gender finance, which climbed year on year by 38 per cent, reaching €2.3 billion.

Climate finance up third straight year

DFI climate finance portfolio swelled during the past three years, up 260 per cent since the start of 2020. The rise came as sales of climate-focused mutual funds fell 75% during the past two calendar years, says a Financial Times report, due to high interest rate spikes, poor fund performance and political challenges.

Focus remains on SMEs, low-income & least-developed countries

European DFIs in 2023 remained focussed on impact priorities, including support for SMEs and enabling investments in low-income or least-developed countries (LICs/LDCs). Combined LIC and LDC3 activity totaled €1.2 billion, up 5 per cent, while SME commitments dipped by 3 per cent compared with 2022, reaching €2.6 billion in 2023.

Impact made by European DFI investees



8.6 million jobs | = Work force of Mali



€33 billion of taxes and other payments to government | 50% of Egypt's tax revenues



96 TWh of clean electricity produced | Bangladesh's annual electricity consumption



15 million tonnes of CO2 equivalent GHG emissions avoided | 75% of the annual CO2 emissions of Bolivia

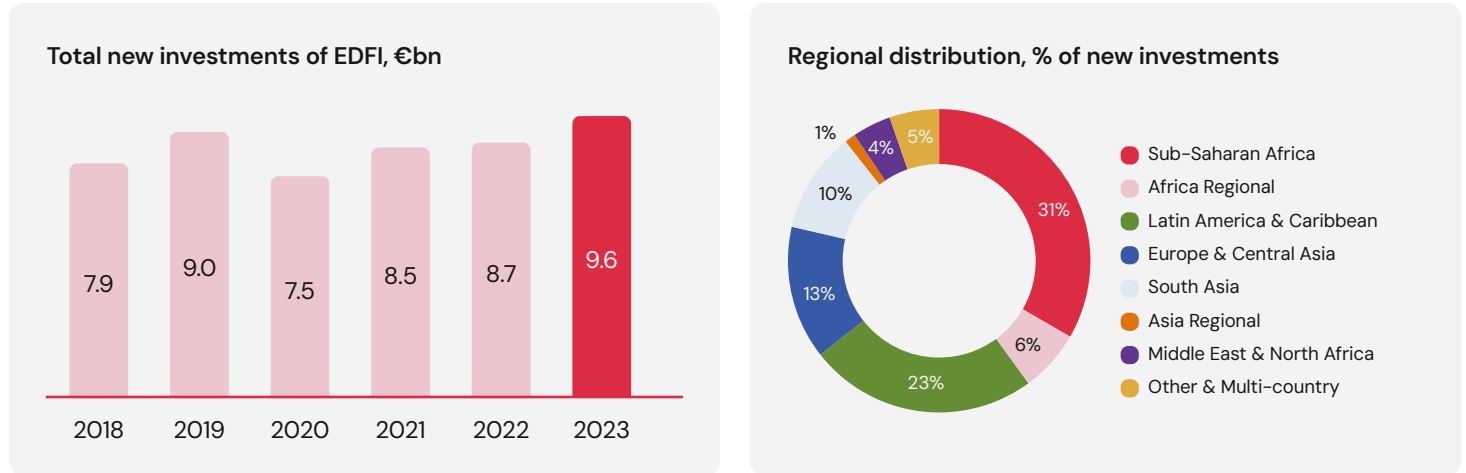
Note: Data covers 2022. The comparisons are derived from databases of the International Energy Agency, the OECD, and World Bank.

Footnotes:

1. The data on new investments in 2023 reflect EDFI member institutions' combined new investment commitments from their own balance sheets in the form of debt, equity and guarantees to private sector enterprises and financial institutions in emerging and developing economies.
2. Given the different mandates and specialisations within EDFI members, the experience of particular institutions in the past year varied. Note that strong aggregate results do not change what remains a challenging investment environment in many countries.
3. Refers to least developed countries (LDCs) according to the OECD Development Assistance Committee list fiscal year 2023.

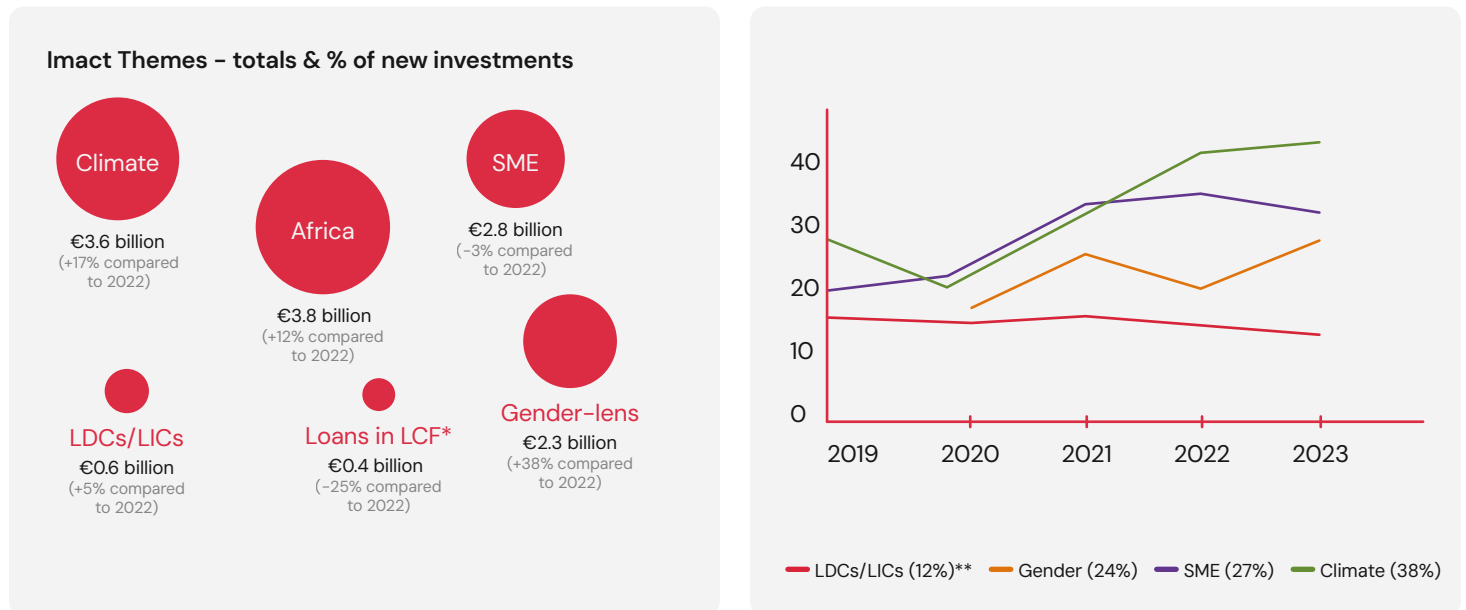
New investment commitments in 2023

Record new investments of €9.6bn, spread across the globe



Please note that these numbers exclude blended finance and mobilisation

Strong growth in gender and climate finance

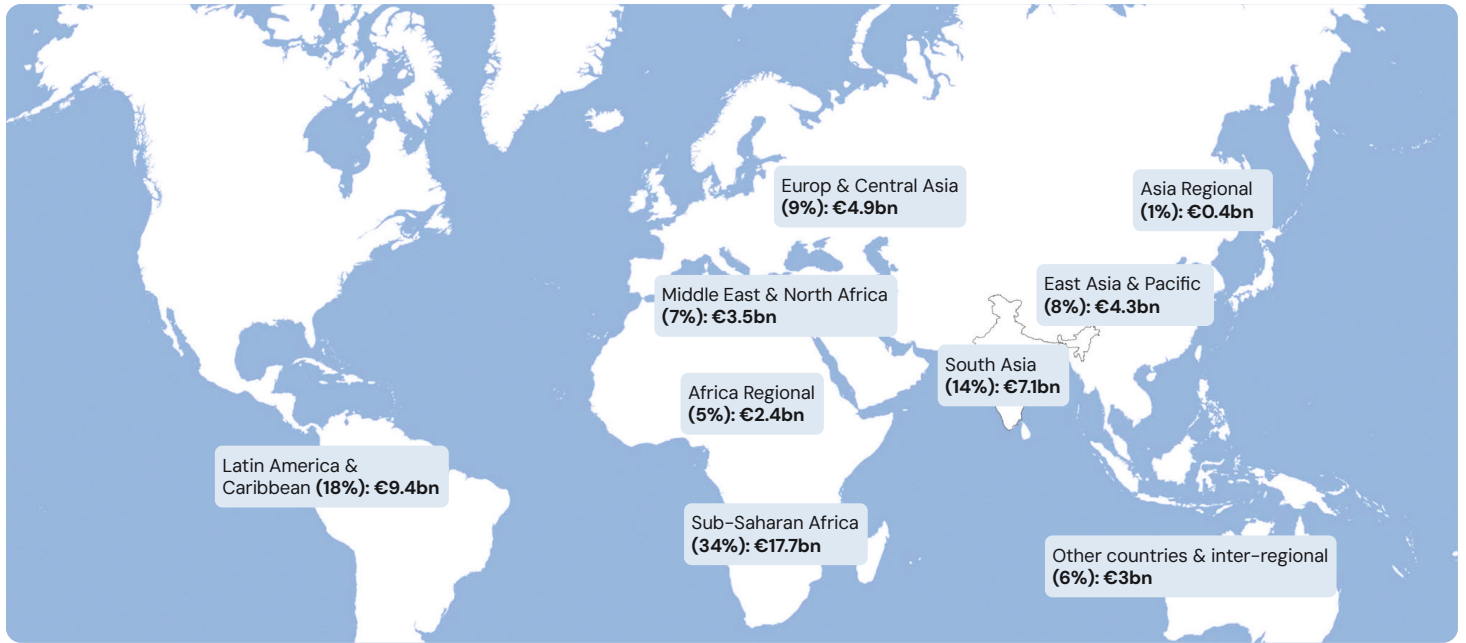


Please note that these numbers exclude blended finance and mobilisation

* Local Currency Finance

** Referring to country-specific investments, as regional investments cannot be allocated to country groups by EDFI

Growing engagement around the globe in 2023



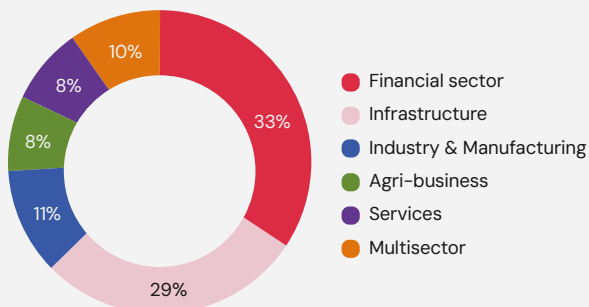
€52.6bn global portfolio as of end 2023

+€20bn portfolio growth over the past 10 years

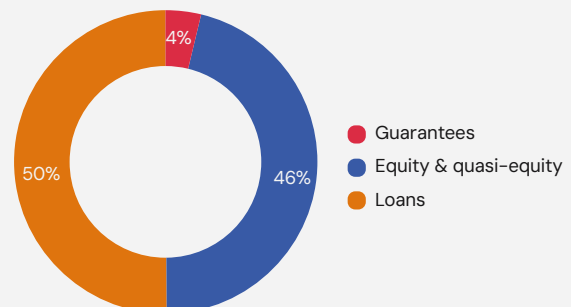
6.916 total investments

EDFI member institutions active in an array of sectors and instruments

Sectorial distribution of EDFI's portfolio



Financial instruments in EDFI's portfolio



EDFI moments in 2023



New leadership: EDFI appoints Luuk Zonneveld as Chairperson and David Kuijper as General Manager

Announced in May 2023 during the Annual Meeting in Copenhagen, the appointments Zonneveld and Kuijper mark an important milestone for EDFI, reinforcing its commitment to fostering sustainable development and inclusive growth across Europe.

Mr. Zonneveld brings his wealth of experience to the chairmanship. He was until year-end 2023 chief executive officer of the Belgian Investment Company for Developing Countries, or BIO. Actively involved in the development sector since the 1980s, he specialised in promoting and financing the private sector. Notably, Mr. Zonneveld played a key role in the global success of Fairtrade labelling as the Managing Director of Fairtrade International in Bonn from 2001 to 2007.



EDFI Association General Manager David Kuijper started on 1 September 2023, bringing diverse experience to the role.

Mr. Kuijper has a strong background in public finance, diplomacy, and development. He most recently served as the Manager of Public Investment and Blended Finance at EDFI Dutch member FMO, based in The Hague. He replaced Colin Buckley, who served as interim General Manager in early 2023.

He began his career as an advisor in the Dutch Parliament. David subsequently joined the Netherlands Foreign Service in 1998, serving in various positions: Deputy Director for Environment, Climate, Water, and Energy in the Ministry of Foreign Affairs, Deputy Ambassador of the Netherlands to Pakistan, Senior Advisor to the Netherlands Executive Director in the Board of the World Bank, and Head of the Development Cooperation program at the Netherlands Embassy in Accra, Ghana.



EDFI members join forces with EBRD to support Ukraine reconstruction efforts.

EBRD and EDFI members signed during the Ukraine Recovery Conference in June 2023 a memorandum of understanding that sets forth a framework for collaboration and co-investments in Ukraine towards supporting its reconstruction. Signatories at the London conference were representatives from the European Bank for Reconstruction and Development, EDFI association members, and other G7 development finance institutions who place primary focus on the private sector.

The EBRD and DFIs from G7 countries, with the support of EDFI, initially pledged to establish the EBRD-G7 DFI-EDFI Ukraine Investment Platform at the G7 meeting in Tokyo prior to the MoU signing.

The EBRD-G7-DFI-EDFI Ukraine Investment Platform aims to foster co-financing among participating institutions by strengthening cooperation and information exchange. The primary aim is to enhance the scale, efficiency, and quality of recovery efforts in Ukraine and neighbouring countries negatively impacted by the Russian war on Ukraine. Doing so brings stability in Ukraine, which helps foster global security and prosperity.

Providing private sector finance to Ukraine helps contribute to its economy recovery, its industry and infrastructure, all while rebuilding the livelihoods of people on the ground.

2023 Annual Meeting

The 2023 EDFI Annual Meeting in Copenhagen brought together senior leaders from European Development Finance Institutions, shareholders, and partners to address important themes affecting the capacity of DFIs to invest for impact.

The meeting provided a platform for discussions and decisions that shaped organisation strategy and priorities for the year and beyond. That included the need for urgent response to climate change, mobilising private sector capital, promoting gender equality, and addressing Ukraine crisis. The meeting gave a unique opportunity to meet as a community of equals, as our missions are the same, despite organisations being so different.

Participants explored ongoing collaboration, achievements and joint approaches to challenges ahead, this despite challenges posed by the Covid-19 pandemic. EDFI member chief executives brought several formal decisions, including the announcement of the new Association directors and Board Chair Luuk Zonneveld, as well as the new General Manager, David Kuijper.

Attendees saw opportunities to strengthen their impact and partnership, such as continuous harmonisation of practices for increased efficiency, support of the development of sustainable finance policies that are workable in low-and middle income countries, as well as growing contribution to EU development policies by member DFIs.

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The second day focused on panel discussions covering priority themes such as climate action, gender finance, private co-finance mobilisation, and the response to Ukraine crisis. These provided valuable insights into the key challenges and opportunities we as DFIs face.

The climate action panel highlighted the importance of acting upon net-zero targets, addressing adaptation and resilience, and facilitating a just transition. Panellists emphasised the need for high-quality data on emissions, collaboration, and scaling climate adaptation efforts. Deepened collaboration with institutional investors, as well as with policy makers for enabling regulations, were identified as key levers for mobilising more private capital for impactful investments.

With Ukraine being a once-in-a generation challenge, EDFI members discussed how to best support the private sector in Ukraine throughout the war and the reconstruction. The meeting also reviewed other significant events from the past year, discussing the role of crisis as a stimulus for innovation.

The meeting closed out with call for more coordination with other institutions and a focus on effective EU engagement. Pressing global challenges require the EDFI community working together.



EDFI 2023 Performance

- **EDFI members made progress in aligning investment strategies with international development goals**, such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. This alignment ensures that their investments contributed to broader global efforts to address pressing social and environmental challenges.
- **Geographical focus: Continued priority on investments in Africa, Asia, and Latin America.** Particular emphasis was given towards least developed countries and fragile states. This approach aimed to channel much-needed capital to regions where traditional private sector investment is often limited.
- **Strong performance in 2023 highlighted crucial role played by development finance institutions in mobilising private capital for sustainable development.** By providing financing, technical assistance, and risk mitigation tools, EDFI members helped to create an enabling environment for private sector investment in challenging markets.



Spain's COFIDES worked on the Kuali Fund, which received approval from the Green Climate Fund in 2024. This initiative will provide €33 million to support climate change adaptation and mitigation in Latin American and Caribbean countries. The fund's blended finance structure, combining resources from the Green Climate Fund, the European Union, and Spain's Fund for the Promotion of Development (FONPRODE), demonstrates COFIDES' expertise in designing innovative financing mechanisms to catalyse private investment for climate action.

Innovation Inroads in 2023

European Development Finance Institutions (EDFIs) have been at the forefront of innovative financing solutions to promote sustainable development and private sector growth in emerging markets.

The diverse and innovative approaches taken by EDFI members address critical development challenges, from clean energy access and climate resilience to agricultural development and investment in fragile states.

Here are some notable examples of innovation highlights from EDFI members:



BIO, the Belgian Investment Company for Developing Countries, joined forces with IFC and other financiers in 2023 to launch the \$150 million SIMA Commercial & Industrial Solar Green Bond. This innovative financial instrument aims to finance small-scale productive-use solar projects throughout Africa, addressing the critical need for clean energy access in underserved communities.



DEG, the German DFI, continued to pursue its 'Impact.Climate>Returns.' strategy in 2023, expanding advisory services for companies on their transformation journey. During the COP28 summit, DEG committed \$50 million to the Emerging Markets Infrastructure Fund II (EMIF II) managed by A.P. Moller Capital. This investment supports the decarbonisation of emissions-intensive industries like the transport sector, showcasing DEG's commitment to innovative approaches for addressing climate challenges.



A group of DFIs, including Bil, FMO, CDP, Proparco, US DFC, and FinDev Canada, joined forces to create ARIA – The Africa Resilience Investment Accelerator. Funded by G7 nations, this new platform aims to boost investment in fragile and conflict-affected states in Africa. ARIA's innovative approach involves pooling expertise and using collective influence to overcome the challenges of providing capital in high-risk markets, demonstrating a collaborative effort to unlock investment potential in underserved regions.

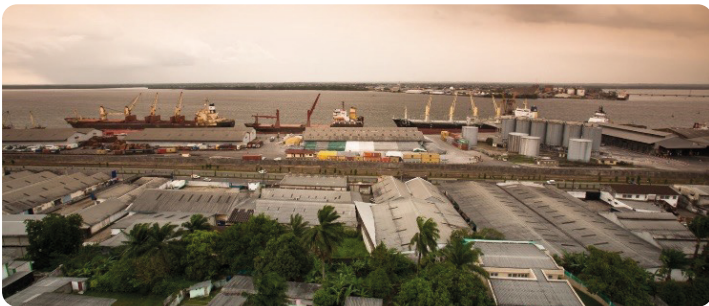
Swedfund opened in 2023 a regional office in Abidjan, Côte D'Ivoire, to scale up investments in West Africa great investment needs and good opportunities exist for further investments. Swedfund in January 2024 made its [first investment using an EU guarantee under the Global Gateway, in Apollo Agriculture](#). [Apollo Agriculture](#) provides smallholder farmers with agricultural products combined with distribution, advice, insurance, and financing in Kenya. Apollo's risk reduction, adaptation, and resilience measures, such as drought tolerant seeds, blended fertilisers, insurance, agronomic training and certifications play a crucial role in promoting climate-smart agriculture and resilience among small-scale farmers. This can contribute to food security and combat climate change.



Italian member CDP [issued its first Green Bond](#) for €500 million, with orders for more than €2.6 billion. Demand was five times higher than supply, with foreign investors totalling 80% and a strong presence of ESG investors. Proceeds from the issue were earmarked for green initiatives with positive impacts on environmental sustainability and the energy transition. ESG issues placed since 2017 have risen to nine, confirming CDP's commitment to promoting sustainable development in the country. In addition to the Green Bond, [EIB and CDP provided public authorities with €200 million to finance sustainability projects](#).



Teachers and pensioners benefited from a lending programme supported by investments from Norfund. [The programme](#) addresses the lack of access to finance seen as the biggest constraint to the development of businesses in low-income countries, and Colombia is no different, with just 46% of the population over 15 holding bank accounts, according to World Bank indicators. Contributing to increased financial inclusion is a key priority for Norfund in this target market. Separately, its [investment in Novastar grew the circular waste business in Nairobi, Kenya](#). Norfund invested through funds to reach more companies and other business areas than it could on its own.



Proparco's [trade finance programme](#) provided a concrete solution to supply challenges. Financing international trade through the banking system is essential to facilitating trade between countries. While this type of financing is readily available in developed economies, certain Southern countries are experiencing chronic shortages. On the African continent, for example, the supply of essential goods, especially cereals, represents a specific challenge and is particularly dependent on trade flows – intercontinental as well as internal to Africa – which need to be facilitated to safeguard the continent's food security. This is exactly what the Trade Finance guarantee programme from Proparco aims to do.

Insights

Unleashing Global Gateway by adapting EU sustainable finance rules

In June 2024, the World Bank report [Global Economic Prospects](#) noted that investment growth in developing economies more than halved, on average, from 2013 through 2023, compared with the pace of the 2000s.

This is a concerning trend, with significant implications for people living in already-vulnerable situations. Investors are perceiving greater risks in these countries relative to opportunities elsewhere, and the capital that is desperately needed to achieve the Sustainable Development Goals is going to more developed economies.

In these circumstances, what's needed is 'patient capital'—precisely what Europe's Development Finance Institutions (DFIs) were created to provide. These institutions invest for the long-term in some of the most challenging environments to create jobs and economic growth. They also have a demonstrated history of sustainable investment that is well aligned with the efforts of the European Union to develop a framework to regulate sustainable finance.

There is a risk, however, that this framework—which is a commendable effort to reorient capital flows towards sustainability—may come to hinder these activities and the aims of the EU's Global Gateway initiative. This is a challenge for DFIs, for developing countries, and for other sustainability-focused investors based in Europe but investing outside the Union.

The EU's sustainable finance framework operates, in part, by promoting the mutual exchange of information among entities subject to the same rules and relying on linkages to other EU laws and regulations. While this creates a coherent regulatory ecosystem within the European context, it presents challenges for European investors in Low- and Middle-Income Countries (LMICs), where EU regulations are not applicable and regulatory frameworks differ.

Investors seeking to apply the EU Sustainable Finance framework outside the European Union also face other challenges, including:

ESG Data Availability: Companies in LMICs frequently do not disclose, and may not realistically be able to disclose, sufficiently extensive and reliable information for investors to comply with their obligations under the regulations.

Reliance on European Law: The framework's reliance on European law, such as in the Taxonomy's requirement that economic activities "do no significant harm" (DNSH), creates challenges in LMICs where different regulatory frameworks exist.

Criteria Not Adapted to LMICs: The stringency of regulations written for developed markets risks overlooking the significant benefits of investments in LMICs that put companies on a path towards sustainability.

Exclusion of Third-Country Investments: The non-recognition of third-country investments in the Taxonomy's Green Asset Ratio calculation makes climate-focused investments in LMICs appear

as if they are not sustainable, discouraging such opportunities.

For example, Netherlands-based FMO, a DFI, invested almost €1.1 billion in green projects in 2023, financing emissions reductions of over 2 million tons of CO2 equivalent. Yet its Green Asset Ratio is technically 0. If such ratings discourage investors from pursuing investments in developing countries, it slows the flow of finance to combat climate change outside the European Union.

To address these challenges and support the mobilisation of private investment for climate, environmental, and social objectives in LMICs, the EU Sustainable Finance framework can be adapted through a handful of measures.

First, broaden the incorporation of existing international standards, such as the IFC Performance Standards on Environmental and Social Sustainability, as equivalent standards for financing in LMICs.

Another adaptation would be to adjust the 'do no significant harm' and minimum safeguards requirements to recognise investments that further sustainability in LMICs, even if they do not strictly comply with European legislation and norms.

In addition, amend the Green Asset Ratio calculation to include sustainable investments made outside the European Union. Promoting interoperability between the EU Taxonomy and national taxonomies of LMICs and other developed markets, creating a globally coherent system for recognising sustainable investments.

Creating an 'extended Taxonomy' with greater recognition of transition finance would help too, incentivising sustainable transformation.

By adapting the EU Sustainable Finance framework to the realities of LMICs and promoting interoperability with other regulatory frameworks, the European Union can enable European impact investors and DFIs to fully contribute to the mobilisation of private-sector investment for LMICs and the aspirations of Global Gateway.

James Brenton is Senior Advisor, Sustainable Finance & Global Cooperation at EDFI

Bridging the Investment Gap

Less red tape, more money needed for DFIs to mobilise in the Global South

When China announced a £40 billion investment package for Africa at its Forum on China–Africa Cooperation, more than 50 African heads of state were in attendance. The announcement and forum signalled China's renewed engagement and Africa 'open for business', according to Hannah Ryder, CEO of Development Reimagined, in a report by development community news source Devex.

European Development Finance Institutions (DFIs) recognise that this headline figure represents a mere fraction of the vast development aid and finance required. Achieving the UN Sustainable Development Goals (SDGs) and Paris Agreement targets will necessitate massive investments estimated at £3.2 trillion annually across the globe. Yet current financing falls woefully short.

Innovative partnerships: A catalyst for progress

European DFIs have established innovative instruments to unlock new sources of capital for sustainable development. Examples abound: FMO's SDG Fund, the Danish SDG Investment Fund, DEG's AfricaGrow Fund, a green bond issued by Finnfund, and COFIDES' Huruma Fund. EDFI members also employ various instruments, from syndications to unfunded risk participation and co-financing facilities. Across all EDFI members, some €4.4bn of private capital was mobilised in 2023 alone.

A key bottleneck to fund mobilisation is not only the supply of institutional capital but also sufficient demand for the type of financing private investors can offer. Pipeline development of bankable projects and the creation of new markets are therefore indispensable.

Blended and concessional finance – pipeline development as part of the story

Blended and concessional finance has emerged as a promising tool. EDFI members are eager to deploy the EFSD+ guarantees from the European Union, such as the MSME Platform or Carbon Sinks. Some members also have their own origination facilities to stimulate the emergence of new projects that can be taken on by private investors further down the line. Examples include Proparco, with their investment continuum for start-ups in partnership with its subsidiary [Digital Africa](#). Another is the [Dutch Fund for Climate and Development](#) – a partnership between FMO, SNV and WWF. EDFI Management Company's [AgriFI](#) and [ElectriFI](#) and the Africa Resilience Investment Accelerator, or [ARIA](#), provide further cases. Set up by BII and FMO, ARIA brings together investors to unlock investments and build investment ecosystems in frontier African markets.

EDFI: Teaming up to increase private capital mobilisation

After testing an array of mobilisation approaches, European DFIs agree that now is the time to take the next step: working together to change the scale of mobilisation. Experts on private capital mobilisation within the EDFI membership are collaborating to address joint challenges and turn these into opportunities.

Concrete tasks to tackle

Challenges present pressing questions. How can we expand and fund market creation facilities? How can DFIs make equity investments in emerging markets more attractive by increasing liquidity in secondary markets? What's the best way for DFIs to jointly achieve the scale, efficiency, and diversification needed to make emerging market investments work for institutional capital? How can regulations become an enabler for impactful investments in emerging markets?

If these challenges can be answered, the potential is vast for mobilisation. With creative collaboration between public, private and philanthropic actors, we can find answers and mobilise loads more capital to build sustainable and equitable economies.

[Katrin Lueke](#) is a Policy Officer at EDFI

EDFI work in 2023 on sustainable finance, mobilisation bears fruit at two events in 2024



EDFI-ODI Europe event in Brussels: “Trillions or billions? Reassessing the potential for European institutional investment in emerging markets and developing economies”.

Solutions are needed fast to achieve a quantum leap in insurance corporation and pension fund (ICPF) investments into Emerging Markets and Developing Economies (EMDE). Mobilising more investment can help EMDEs achieve the UN Sustainable Development Goals and the objectives of the Paris Agreement to combat global warming. Achieving more ICPF investment into developing countries has proven challenging, despite its urgency. Identifying the roadblocks and opportunities to boost these critical financial flows was the goal of an EDFI and ODI Europe co-organised event.

More than 60 EU policymakers, the DFI community, and ICPFs met at the seminar held on 21 November 2024 for a broad and far-reaching discussion to tackle the issue. Held in Brussels, the afternoon event centred on the presentation of an ODI report that examines the role of governments, MDBs, DFIs, and regulators in helping insurance companies and pension funds to allocate more assets in EMDEs. They also discussed ways for the EU regulations on sustainable finance to help, not hamper EMDE investment. The ODI report presentation was followed by two moderated discussions which included experts from DFIs, institutional investors, and the European Commission to delve into ways to quickly harness the booming interest in sustainable finance and shift private capital at scale to better support the needs of people and the planet.

EDFI Seminar: Sustainable Finance Frameworks

EDFI invited some 100 people from the development finance and EU policymaking community to explore the links between the European sustainable finance regulatory framework, development policy, and Global Gateway.

The event highlighted EDFI work done in 2023 related to a [statement on the EU's Sustainable Finance framework](#) and the [EDFI-authored mapping report on EU sustainable finance laws and regulations](#) (See cover below). The meeting brought together DFI shareholders, partners, and experts to discuss the framework and how it can be used by European investors to mobilise private capital for development and promote the aims of Global Gateway.

Held in the European Quarter at TownHall Europe, the two-hour discussion centred on a EDFI position statement on the sustainable finance regulations alongside the publication of the EDFI Sustainable Finance Mapping Report.



Governance & Leadership

EDFI asbl is a non-profit association, registered in 1992 within Belgium. Its legal bodies are defined in its bylaws. The EDFI supreme body is the General Meeting, which convenes once a year. Extraordinary General Meetings are convened by the Board of Directors whenever deemed necessary or upon request of one fifth of its Members.

The Association is managed by a Board of Directors consisting of up to seven directors, elected by the General Meeting among the representatives appointed by the Members, by a simple majority, for a two-year term. They are eligible for re-election at the end of their first term for a total of four consecutive years. The Board of Directors elects the Chairperson among the directors, or it may nominate an individual to be elected both as a Director and as a Chairperson, also for a renewable two-year term. The current Chairperson is serving in an individual capacity and has been elected by the General Meeting. The General Manager, nominated and revoked by the General Meeting, is responsible for EDFI daily management and reports to the Board.

Board of Directors



Luuk Zonneveld

Board Chair



Antonella Baldino

Chief International
Development Finance
Officer, CDP S.p.A



Sabine Gaber

Member of the Executive
Board, OeEB



Roland Siller

Chief Executive Officer,
DEG



Tellef Thorleifsson

Chief Executive Officer,
Norfund



Michael Jongeneel

Chief Executive Officer,
FMO

CEO Forum

Meetings among CEOs designed to advance the mutual engagement and dialogue on strategic challenges and opportunities among the CEOs.



Antonella Baldino

Chief International
Development Finance
Officer, CDP S.p.A



Lars Bo Bertram

Chief Executive Officer, IFU



**Regina Corradini
D'Arienzo**

Chief Executive Officer and
General Director, Simest



Jorg Frieden

Board Chair, SIFEM



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Board, OeEB



Maria Håkansson

Chief Executive Officer,
Swedfund



Michael Jongeneel

Chief Executive Officer,
FMO



Jaakko Kangasniemi

Chief Executive Officer,
Finnfund



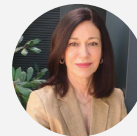
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Chief Executive Officer,
Proparco



Nick O'Donohoe

Chief Executive Officer,
British International
Investment



Ángela Pérez

Chairperson & Chief
Executive Officer



Roland Siller

Chief Executive Officer,
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Tellef Thorleifsson

Chief Executive Officer,
Norfund



Joris Totté

Chief Executive Officer, BIO



Pedro Ventaneira

Executive President of the
Administrative Council,
SOFID



Luuk Zonneveld

Board Chair

CIO Platform

Chief investment officers of DFIs exchange provides value to the membership network, steering network activity and taking ad-hoc role in times of need.

Networking Groups

Topic-driven, bottom-up fora of exchange among DFI experts. These communities of practice form to meet on a specifics topics.

Task Forces

Comprised of experts from EDFI member DFIs, they tackle issues of import among members deemed by the EDFI Board as needing collaboration, such as mobilisation and sustainable finance.

EDFI Association Secretariat



David Kuijper
General Manager



Aklesso Barthélémy Tchadou
Policy Officer



Katrin Lueke
Policy Officer



James Pieper
Senior Communications Advisor



Philippe Berger
Chief Operating Officer



Alina Orrico
Team Europe Advisor



Ewa Lubiejewski
Membership Network Coordinator



James Brenton
Sustainable Finance & Impact Advisor



Jiří Bedrníček
Executive Assistant

New EDFI strategy for 2024–2027

EDFI in 2023 developed its EDFI strategic plan that provides direction to the Association of European Development Finance Institutions from 2024 to 2027. Approved at the Annual General Meeting in Oslo in May 2024, it focuses on promoting development impact and operational efficiency, accelerating collective mobilising power to increase private finance for sustainable development and support the achievement of the UN 2030 Agenda for Sustainable Development, all while improving the EDFI Membership Network.

The strategy is designed to help member organisations forge ahead, alongside more than 3000 people in their institutions. These individuals form a unique, powerful, and agile community of change. Every working day they aspire to harness the good power of finance for climate action and reducing inequality. Through a diverse set of tools, they mobilise finance, skills and knowledge that help improve the lives of millions of people in developing countries and bring hope, optimism and stability to households and societies.

Promoting Development Impact and Operational Efficiency: Advocating for improved regulatory frameworks and incentives to enhance sustainable finance practices in the countries where EDFI operates, with a focus on driving development impact and operational efficiency.

Accelerating Collective Mobilising Power: Significantly increasing the mobilisation of private finance for sustainable development to support the achievement of the 2030 Agenda goals, emphasising the importance of scaling up private capital mobilisation strategies.

Improving the EDFI Membership Network: Enhancing the structure and practices within the EDFI Membership Network to foster creativity, innovation, and focused action, aiming to connect better and drive impactful outcomes.

Intensify partnership with the European Union as a global player, be it (i) setting sustainable finance standards; (ii) providing innovation and instruments in the global development finance architecture; and (iii) using its geopolitical and economic weight to defend multilateralism, democracy, and free markets.

Crosscutting these pillars are EDFI's **engagement with the European Union and strategic global partnerships**.

Structuring the entire DFI Community

EDFI Affiliate Partnerships: as EDFI operations and instruments have gained prominence in development finance in general, their global role requires structured affiliate partnerships to facilitate close cooperation with other DFIs, such as DFC and FinDev Canada. To that end, we will set up affiliate partnership agreements that will define the mutual benefits and govern the access of these DFIs to the Membership Network and products of the EDFI Association.

EDFI Neighbourhood: Harness a broader ecosystem of (semi-)private impact funds and facilities, called the DFI 'neighbourhood', who have more distance from the public arena. The EDFI Association will help maintain member connections to the public development agenda while harnessing the potential of this ecosystem through knowledge sharing, innovation initiatives, and intensified joint advocacy. Doing so accelerates global impact investing and contributes to making all finance sustainable.

Goals for 2024–2027

Development Impact and Operational Efficiency

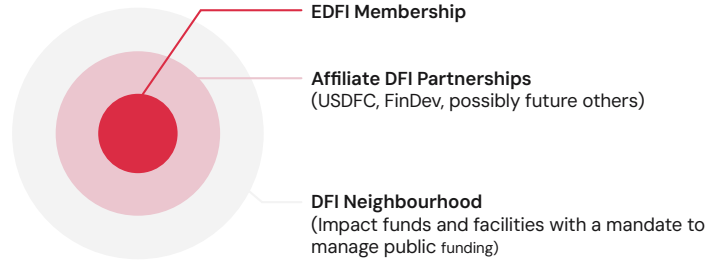
- Position DFIs as a key reference for the ongoing development of sustainable finance policies and regulations affecting investments in developing markets.
- Cost- and operational-efficiency via targeted collaboration on DFI impact management, measurement, and reporting.
- Position EDFI as a thought leader in relation to sustainable finance, impact, and blended finance as a means of elevating the profile of the Association and enhancing advocacy and partnerships.

Mobilisation

- Support emergence of replicable mobilisation strategies, including structures, vehicles, and processes.
- Scale up market creation to ensure absorption capacity for mobilised funds.
- Boost transparency & harmonisation of definitions to attract private investors, extend knowledge.

Membership Network

- Improve health of EDFI Membership network through better focus, transparency, and oversight to boost coordination among EDFI bodies such as the CEO Forum, EDFI Board, and CIO Platform.
- Boost and expand EDFI Academy to stimulate networking, best practices sharing, and a sense of common purposes and values. Explore synergies with members’ academies offering.

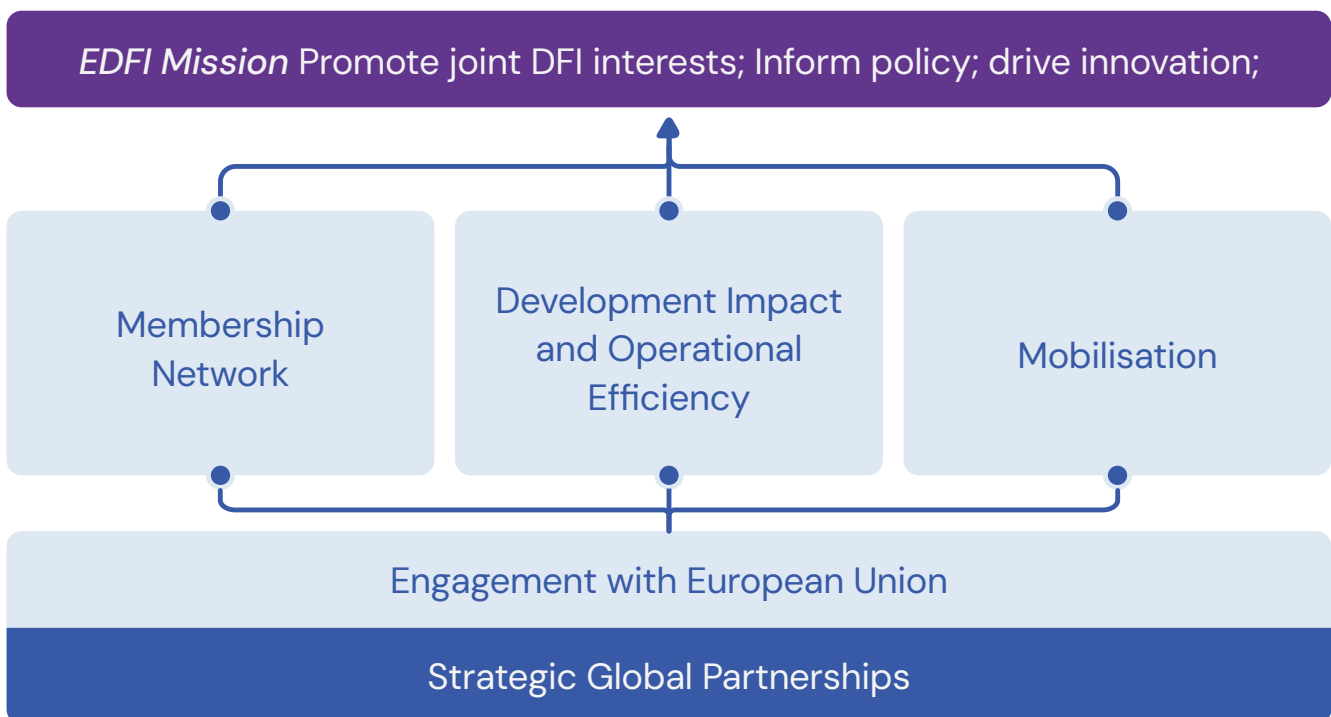


Engagement with the European Union

- Ensure the European Union remains a key partner in DFI strategy implementation.
- Enhance active participation and visibility within Team Europe/Global Gateway strategy and the broader EU external action/development policy sphere.
- Consolidate EDFI’s prominent role and place as a strong network of impact investors within the European Financial Architecture for Development (EFAD) governance and strategic development.
- Help position DFIs for the future Multi-Annual Financial Framework and in EFAD.

Global partnerships

- Optimise the influence of EDFI on the global development finance architecture, with a view to accelerating the SDGs.



EDFI

The Association of European Development Finance Institutions

Annual Report 2023



www.edfi.eu



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15 European DFIs | 3000-strong workforce | €53 billion in assets

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