



EUROPEAN
COMMISSION

Brussels, 1.8.2023
C(2023) 5366 final

COMMISSION DECISION

of 1.8.2023

**amending Commission Decision C(2019)7496 final on the financing of the Annual Action
Programme 2019 – part 2 in favour of Eastern Africa, Southern Africa and the Indian
Ocean as regards the zone benefiting from the action**

COMMISSION DECISION

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amending Commission Decision C(2019)7496 final on the financing of the Annual Action Programme 2019 – part 2 in favour of Eastern Africa, Southern Africa and the Indian Ocean as regards the zone benefiting from the action

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund¹, and in particular Article 9(1) and 9(4) thereof,

Having regard to Council Regulation (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation (EU) 2015/323², and in particular Article 24 thereof,

Whereas:

- (1) By its Decision C(2019)7496 final of 16.10.2019 the Commission has adopted the financing of the Annual Action Programme 2019 – part 2 in favour of Eastern Africa, Southern Africa and the Indian Ocean.
- (2) Annex 3 of the Annual Action Programme 2019 – part 2 in favour of Eastern Africa, Southern Africa and the Indian Ocean established the action entitled ‘Support to Job Creation and the Investment Climate’. The action aims at achieving in the overall region an improved business enabling environment and investment climate, upgraded value chains and increased investments, innovation, trade and sustainable production and consumption patterns, as well as better small and medium-sized enterprises’ access to finance from capital markets. The European Fund for Sustainable Development (‘EFSD’) Technical Assistance is one of the tools provided for by the action to obtain its objective. Development Financial Institutions (‘DFIs’) implement EFSD investment programmes that have two interrelated components: an EFSD Guarantee component and an EFSD Technical Assistance component. The EFSD Guarantee component covers the whole Sub-Saharan Africa region, while the EFSD Technical Assistance component is limited to Eastern Africa, Southern Africa and the Indian Ocean. Beneficiaries of EFSD investment programmes are typically local financial institutions (‘LFIs’), with a regional and, rarely, multi-regional presence. Regional LFIs have higher lending capacity than LFIs present in only one country. Therefore, regional LFIs play a key role to increase investments and access to finance for small and medium-sized enterprises. In order to achieve the action’s objectives, it is necessary to extend its geographical coverage to the whole Sub-Saharan Africa region. By doing so, DFIs that implement EFSD investment programmes will be enabled to use EFSD Technical Assistance to support more regional LFIs. These LFIs will be helped to seize investment opportunities in other African regions, where they have lower presence and capacity. LFIs currently not present in Eastern Africa, Southern Africa and the Indian Ocean will be also enabled to reach these regions. As a

¹ OJ L 58, 3.3.2015, p. 1.

² OJ L 307, 3.12.2018, p. 1.

result the number of LFIs offering financial products covered by the EFSD Guarantee will increase. Furthermore, thanks to a whole SSA coverage, the combination of EFSD Guarantee and Technical Assistance will support LFIs to benefit better from the opportunities deriving from the African Continental Free Trade Area ('AfCFTA'). Investments and access to finance for small and medium-sized enterprises across Eastern Africa, Southern Africa and the Indian Ocean will also increase, improving the chances of a full deployment of EFSD investment programmes. A narrower geographical is likely to leave EFSD Guarantee's capacity unused. Only by expanding the action geographical coverage, the EFSD investment programmes implemented by Development Financial Institutions will be fully deployed, thus maximising benefits for Eastern Africa, Southern Africa and the Indian Ocean.

- (3) Therefore, Commission Decision C(2019)7496 final should be amended accordingly.
- (4) This amending decision is in accordance with the opinion of the EDF Committee established under Article 8 of the Internal Agreement,

HAS DECIDED AS FOLLOWS:

Sole Article

Annex 3 to Commission Decision C(2019)7496 final is amended in accordance with the Annex to this Decision.

Done at Brussels, 1.8.2023

For the Commission
Jutta URPILAINEN
Member of the Commission