



# The European Investment Bank in Africa, the Caribbean and Pacific: Business Strategy 2015-2017

## EIB engagement in Africa, the Caribbean and Pacific

The European Investment Bank has over 50 years' experience supporting EU development policies in Africa, the Caribbean and Pacific (ACP), with over EUR 18bn invested in more than 1 300 projects.

As the world's largest multilateral borrower and lender, the EIB is committed to supporting the central objectives of ACP-EU cooperation in the framework of the Cotonou Agreement, notably development of the private sector, through the ACP Investment Facility (IF), a risk-bearing revolving fund. In parallel, the Bank supports intra and inter-regional infrastructure projects, mostly from its own resources.

As the only multilateral financing institution present in both Europe and the ACP countries, the EIB provides finance and expertise through dedicated technical experts and sector specialists working on similar sound projects around the world. We work closely with other multilateral lenders, national development finance bodies and private entities, as well as in close cooperation with the European Commission and the European External Action Service (EEAS), supporting broader European engagement in ACP states and enhancing the effectiveness and impact of EU finance for sustainable development.

## Strategy 2015-2017

The ACP region includes many of the world's poorest countries, notably in Africa. Efforts to address poverty reduction must therefore go hand-in-hand with support for economic growth to ensure long-term sustainable development. In line with the EU Agenda for Change, the EIB is concentrating on catalytic financing for private sector development in the ACP countries, as detailed in the EU communication on the same subject. Public sector interventions are not to be excluded as they are indispensable for laying the groundwork for private sector activity.

Priority will be given to:

- Projects with a strong development impact, promoting economic stability, sustainable growth and employment creation, thus effectively reducing poverty (a key objective of the Cotonou Agreement) and contributing to achievement of the Sustainable Development Goals;
- Projects where the EIB can provide added value in both financial and non-financial terms;
- Least Developed Countries, paying particular attention to countries with the greatest need, as well as disaster-affected and conflict-affected countries.

Other strategic priorities include adding more value through early involvement in project appraisal and technical assistance, and blending loans with grants to address specific market gaps. This allows us to have an important multiplier effect in investment in the ACPs. The EIB is committed to playing an integral and visible role



as an instrument of EU development policy, ensuring that investments and grants are channelled to where they can provide the strongest sustainable impact.

Furthermore, the new Impact Financing Envelope (IFE), a special window under the IF, is now in service with the first operations signed in 2014 and 2015, and it allows us to consider higher risk, higher impact projects, which will make a valuable contribution to the post-2015 development agenda.

The Bank will focus on maximising the impact of projects and their contribution to its mandates' objectives through enhanced

coordination and programming with the European Commission and EEAS, joint initiatives with other financing partners, development of innovative financing mechanisms and emphasis on the use of technical assistance and other forms of blending loans with grants. We are also increasing our local presence by opening further representative offices and boosting staff numbers in the field. In addition, we have joined others to work as partners in a new Global Infrastructure Facility (GIF), which will provide upstream assistance for infrastructure projects in the developing world.

In terms of sectors, the strategy has different levels of priority, with two key focus areas:

### Current Roadmap for EIB activities in sub-Saharan Africa 2015-2017

	Local private sector development	Local sector interventions
Priorities	Promotes job creation and stimulates entrepreneurship by improving business environments, engaging in PPPs and encouraging regional integration	Indispensable for sustainable private sector activity, economic growth and ultimately poverty eradication
	Projects with high development impact Projects where EIB involvement can add highest value	

**Do More:**  
Gradual increase in lending

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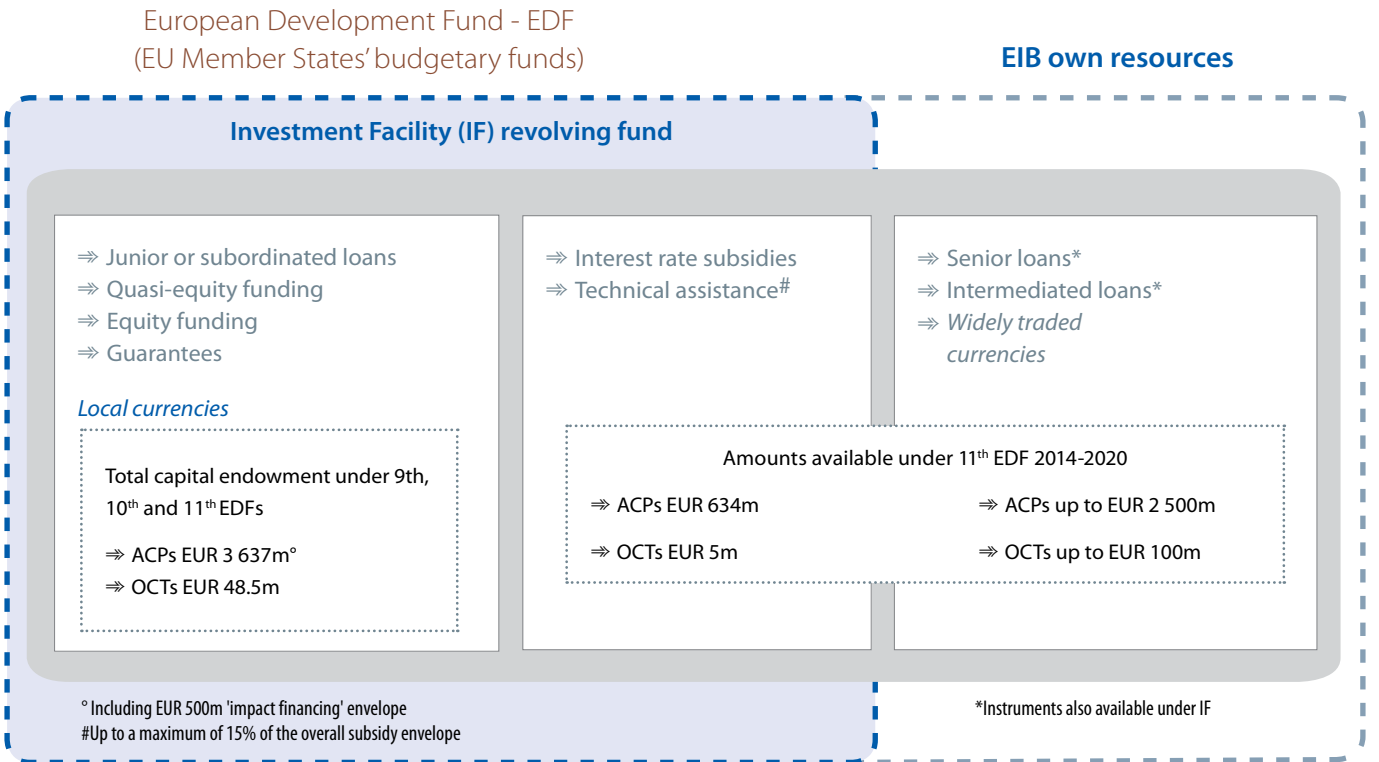
Key focus	<p><b>Infrastructure:</b></p> <ul style="list-style-type: none"> <li>Infrastructure with a <b>regional focus</b>, notably projects consistent with the PIDA (Programme for Infrastructure Development in Africa) Priority Action Plan</li> <li>projects with a <b>pro-poor</b> focus</li> <li>projects which promote <b>sustainable economic growth</b>,</li> </ul> <p>in any of the following sectors: energy, water and sanitation, transport and telecommunications.</p>	<p><b>Financial sector:</b></p> <ul style="list-style-type: none"> <li>channelling finance to SMEs and micro-enterprises, with the aim of stimulating <b>job creation and private sector growth</b> and supporting the <b>development of local financial markets</b></li> <li><b>credit lines</b>, also in local currency, to selected local financial intermediaries</li> <li><b>private equity funds</b> targeting SMEs and microfinance</li> <li><b>risk capital</b> (direct equity, quasi equity) and risk-sharing instruments such as <b>guarantees</b>.</li> </ul>
Overall goal	Across all sectors, <b>Climate Action</b> investment is important for the region given that many ACP states are highly vulnerable to a changing climate. Supporting adaptation initiatives and mitigating the impact of climate change through the promotion of low-carbon transport and energy, increasing climate resilience and promoting renewable energy sources and energy efficiency are overarching priorities of EIB lending.	
Other priorities	<b>Agriculture and food security</b> projects have a high multiplier effect in terms of development impact and are a priority sector in the Agenda for Change	<b>Corporate Lending/ Industry</b> , which directly supports private sector activities. <b>Health</b> , especially in the countries most affected by the Ebola virus, in sub-Saharan Africa and any other region, if potentially affected by epidemics.
Other sectors	Affordable and Social Housing, Education, Mineral Resources, Tourism.	

**Do Better:**  
Results measurement – minimum attainment of performance indicators

**Do Differently:**  
New sectors, different financing instruments and impact financing



## Funds managed by the EIB: the Cotonou Partnership Agreement and Overseas Association Decision



### Jiji Mulembwe

This project, our first in Burundi since the end of the conflict in 2005, consists of the construction of two hydroelectric power schemes on the Jiji and Mulembwe rivers, with installed generating capacities of 31.5 MWe and 16.5 MWe respectively. Included are 132 km of transmission lines, thus contributing to the electrification of rural communities in the vicinity of the power plants.

The operation will help supply electricity, stabilise the power grid, reduce transmission losses and increase production capacity in lower-cost, clean energy for the people of Burundi. Furthermore, it will contribute to the national goal of raising the household access rate to 35% by 2030 from 4% currently.

The EIB, together with the European Union, has brought funding of up to 49% of the total cost of the project. Co-financed with the World Bank and AfDB, the project will almost double the supply of clean and affordable electricity to the national grid and provide an alternative to oil-fired generator units, thus avoiding the release of greenhouse gases.





## Medipole Hospital

Access to primary health care services is vital for any population.

Medipole Hospital will be the leading hospital for the whole territory of New Caledonia and will cover the existing gap in services and specialists, promoting new models of care (medical networks, outpatient and day stay care, rehabilitation) and creating centres of excellence like oncology and interventional cardiology.

The EIB loan of EUR 20m aims at increasing the quality and safety of care delivered to the island's population with multi-disciplinary patient support, promoting prevention and therapeutic education as well as enhancing training and research missions.

Medipole Hospital will have 645 new beds to treat around 50 000 patients. The project is expected to create 767 new jobs, and 2 000 professionals from the health care sector will be fully employed.

The EIB intervention, prepared in close cooperation with the Agence Française de Développement (Afd), allows the project to bridge its financing gap at an affordable interest rate, as no commercial financing is available for the project. It also provides a long maturity which is not readily available on the local market.

## PTA Bank

The EIB is contributing EUR 80m to a EUR 160m financial instrument created by PTA Bank, the multilateral regional development bank of the Common Market for Eastern and Southern Africa (COMESA) member states.

Through longer tenors in both local and hard currency, this lending framework will enable PTA Bank to improve access to financial services for SMEs and midcaps and play an effective role in supporting the region's economic development while deepening local financial markets. Moreover, it will allow the EIB to reach midcaps, which is hard to achieve through direct interventions.

The operation can provide long-term funding for private sector investments, promoting access to finance for corporates, supporting economic diversification and job

creation, and contributing to social inclusion and economic development, which is essential for households and businesses in the region.

It will also ease the finance gap for SMEs in the region and help target enterprises in the energy, transport, manufacturing and agri-business sectors, which will reduce infrastructure deficiencies and have a positive spill-over on the economy.

This operation will strengthen a development bank that supports employment, trade and regional integration in economically important sectors, where agriculture and energy are priority areas of intervention for the EU under the 11<sup>th</sup> EDF and the Agenda for Change.