



Plutarchos Sakellaris
European Investment Bank Vice President
ACP Ambassadors visit
European Investment Bank, Luxembourg, 22 July,
2010

Secretary General Chambas, Mr Chairman, your Excellencies,
ladies and gentlemen,

It is an honour and great pleasure to personally welcome you back here today to the European Investment Bank headquarters in Luxembourg. This is the second time we have met together in this way.

Introduction

Later on this afternoon, we will provide a more detailed insight into the range of activities we have been engaged with in Africa, the Caribbean and the Pacific in 2009.

However, as President Maystadt said, before that, I wish to highlight the diverse nature of our involvement so far in 2010.

Our response to the global economic downturn has been strong and clear, as we have intensified activities and maintained the stronger pace set last year.

ACP activity strengthened by focus on core sectors

As announced, we are maintaining our focus on the identification and launch of projects in a number of select sectors. Particular attention is being placed on financing opportunities in the infrastructure sector as well as on the development of the financial sector, including by supporting small businesses and the private sector.

The Infrastructure sector

On the infrastructure sector, earlier this year the Bank extended its support to Nigerian infrastructure projects through a Framework Loan. The loan is the biggest ever facility offered in Africa and was shared through three leading Nigerian banks. The loan provides a significant boost to private and public-

private investments across the energy, power, transport and telecommunications sectors, alongside creating opportunities for manufacturing and local service companies. The project will also contribute to improving skills and the strength of the Nigerian financial sector, and sent a strong and positive signal of confidence to other potential investors.

Many potential infrastructure projects are prevented from being completed due to a lack of appropriate studies and technical assistance. To resolve this hindrance, the Bank and the Development Bank of Southern Africa (DBSA) developed a technical assistance programme, the Project Development and Support Facility. This programme will fund studies and consultancy services that improve and facilitate the preparation, financing and implementation of infrastructure projects with an important development impact. It has a specific focus on southern and eastern Africa.

Other recent initiatives have greatly contributed to the broader development of Africa's financial sector, with a range of regional initiatives targeting both microfinance and SMEs.

Microfinance

In particular in microfinance in 2007, the G8 Summit Declaration on "Growth and Responsibility in Africa" underscored the importance of private sector development. In line with this Declaration, a group of leading international donors, including the European Investment Bank, decided to support the creation of a Regional Micro, Small and Medium-sized enterprises Investment Fund.

Also known as REGMIF. This is the first microfinance debt fund to exclusively focus on sub-Saharan Africa. REGMIFA will provide medium and long-term debt to commercially viable lending institutions. They will, in turn, pass this on to micro, small and medium sized companies. A further strength of REGMIFA is its competence and emphasis on local currency funding. The fund will target a diverse range of lending

institutions that have traditionally been excluded from mainstream sources of funding. These include microfinance institutions, commercial banks and other relevant stakeholders.

The Bank is also supporting a specialist and innovative microfinance fund, Rural Impulse, signed last month. This fund is particularly useful in helping increase access to finance in rural areas. The Bank has worked in conjunction with leading public and private financial institutions and investors IFC, KfW, Belgium's BIO and the Dutch FMO Agency to improve access to finance for poor and remote rural communities in developing countries, including ACP.

Technical assistance

Another area where we are playing a key role is microfinance. Microfinance initiatives are difficult to create, develop and make successful. The Bank has recently provided a subsidy endowment grant to three microfinance investment vehicles to improve management skills and specialist microfinance operations.

SME's

On SME's, following the tsunami that struck Samoa last year, the Bank extended the Pacific Islands Financing Facility to include the Development Bank of Samoa. The scheme targets SMEs and micro-sized businesses, and also benefits from a technical assistance package. This facility will play a notable role in helping to restore the island nation's economic base and local employment.

Cooperation

In the spirit of the Paris Declaration on Aid effectiveness, cooperation with the European Commission and other institutions is a core element of our strategic approach and daily operations.

The Bank recently signed a Memorandum of Understanding to create the Africa Financing Partnership which will enhance

partnership and collaboration amongst development finance institutions when co-financing private sector projects across Africa.

Also last February, the Agence Francaise de Developpement, European Investment Bank and Germany's KfW made a formal commitment to enhance their cooperation and coordination. Work is underway to gradually increase recognition and reliance on respective procedures and standards applied by each respective institution by its peer bodies and we will try to come closer together. By mutually recognising their procedures and work, each institution will be in a position to delegate the project's preparation, implementation and monitoring to the greatest possible extent.

Combining technical assistance and loans

To ensure the successful development of complex and infrastructure projects the Bank can use technical assistance grants alongside regular loans. This has been orchestrated, for example, in the case of Nairobi's Jomo Kenyatta International Airport. Here grants provided by the EU-Africa Infrastructure Trust Fund will fund technical consultancy by specialists capable of minimising disruption of upgrading an operational airport. This will allow the project to contribute to regional economic development.

Increased monitoring

In the light of the evolving economic context and the need to ensure the sustainability of the Investment Facility, the Bank is devoting additional time and resources to the monitoring of its project portfolio. The Department in charge of carrying out operations in the African, Caribbean and Pacific region has been reorganised accordingly, allowing the Bank to remain reactive and flexible when faced with evolving market needs. We can discuss this in detail later.

Outlook to the end of the year

The Bank will continue to strive to support economically, technically, environmentally and socially sound projects throughout Africa, the Caribbean and the Pacific.

Our strategy for the second half of 2010 will mean that the Bank will complement this by devoting greater attention to a number of key projects.

We will support sustainable projects and climate change initiatives. One example is the implementation of the second phase of the ACP-EU Water and Energy facilities.

A Joint Climate Change Fund, consisting of an investment matching facility and targeting private sector climate change projects, is also being considered and should be finalised soon. This has been established by European Development Finance Institutions, it would help demonstrate the financial attractiveness of climate-friendly projects to private investors in developing countries and emerging markets, mobilising additional long term investments.

Encouraging joint initiatives and the blending of resources will be a further focus.

Before handing the floor over to Secretary-General Chambas, I would like to confirm my personal pleasure at seeing so many familiar faces and old friends back in Luxembourg. We are all delighted to have you here. We greatly value this opportunity to maintain a fruitful dialogue, to continue our close relationship and to provide you with a feedback on our operations.

We thank you and now I pass the floor to Secretary-General Chambas.